

Neoliberalism, Democratic Erosion and the Global Struggle for Social Justice

Edited by Chris Tapscott and Tor Halvorsen

**AFRICAN
MINDS**

Published in 2026 by African Minds
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ISBN (paper): 978-0-6398913-3-0
eBook edition: 978-0-6398913-4-7
ePub edition: 978-0-6398913-5-4

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This volume emerged from a symposium held
to honour the appointment of Ole Johnny Olsen
to Emeritus Professor at the University of Bergen.
The book is accordingly dedicated to him.

CHAPTER 1

THE DISCORD BETWEEN DEMOCRACY AND CAPITALISM IN THE NEOLIBERAL ORDER

Chris Tapscott and Tor Halvorsen

Debate on the global expansion of neoliberal capitalism, its impacts on economic growth, its contribution to an integrated world order, and its relationship to democracy continues to be as extensive as it is contentious. A determination of the era in which the notion of capitalism, as currently understood, first emerged remains imprecise, and whilst some scholars trace its origins to the 17th century, it is more widely understood to have emerged in the 18th century. Less controversial is the fact that since its emergence, capitalism has mutated extensively over time, morphing from merchant capitalism (and forms of agrarian and industrial capitalism), through entrepreneurialism, to managerialism, and ultimately to financialism, which underpins the current globalising form of capitalism (Kocka, 2016).

Understandings of democracy, too, have changed over time from the class-based forms of representative democracy, which protected the property rights of the middle class and the modes of accumulation of wealthy minorities, to forms of direct and participatory democracy, and to the notion of democratic capitalism, which provides an ideological rationale for the neoliberal global order. As will be discussed, there have also been significant shifts in the role of the

state as a mediator between the democratic demands of the majority and the profit-driven ambitions of the corporate sector.

Over the past two centuries opinions on the contribution of capitalism to society have been divided between those who portray it as a vehicle for modernisation, accelerated economic growth, advancement of individual freedoms, and, ultimately, for the upliftment of human livelihoods, and others (pioneered by Marx and Engels and others in the mid-19th century) who view it as a mechanism for exploiting the poor, appropriating surplus value, and enriching elites.

The eminent economists Friedrich Hayek and James Buchanan, for example, argued that granting discretionary power to elected officials would inevitably lead to inefficiency and what they termed the “tyranny of the majority”. For Hayek, any democratic authority beyond the enforcement of general rules threatens the “spontaneous order” of the market, since politicians responding to popular demands distort price signals and impose coercive forms of redistribution (Hayek, 1944, 1960). Buchanan extended this line of thought through public choice theory, claiming that voters and elected representatives act as self-interested maximisers who use democratic institutions to extract rents and pursue group advantage (Buchanan & Tullock, 1962; Buchanan, 1975). In his view, discretionary democratic governance produces inefficiency and coercion because majorities will exploit minorities through taxation, welfare, and regulation unless constitutional rules tightly restrict governmental action. Hayek, Buchanan, and others provided a neoliberal rationale for taming democracy through constitutional, technocratic, and judicial constraints, arguing that markets must be protected from democratic interference. Their work, which provided a theoretical justification for transferring power from democratic institutions to insulated market-based and expert-driven authorities, a doctrine which has been extensively critiqued as the destructive impact of neoliberalism, has become increasingly more exposed.

Inextricably linked to this has been the ongoing, and consistently disputatious, debate on the compatibility between capitalism and democracy and the extent to which either should assume pre-eminence

in society. For Streeck, the inherent tension between capitalism and democracy stems from the fact that democratic capitalism is “a political economy ruled by two conflicting principles, or regimes, of resource allocation: one operating according to marginal productivity, or what is revealed as merit by a ‘free play of market forces’, and the other based on social need or entitlement, as certified by the collective choices of democratic politics. Under democratic capitalism, governments are theoretically required to honour both principles simultaneously, although substantively the two almost never align” (Streeck, 2011:5).

The tensions between capitalism and democracy have been characterised by protracted class struggles interspersed with periods of compromise in different eras and in different countries. What came to be seen as a brief accord between capitalism and democracy occurred in countries in the Global North in the immediate aftermath of the Second World War. During this era, the Fordist state, characterised by a redistributive Keynesian welfare agenda (which included the recognition of trade unions and workers’ rights), was controlled by a dominant central government with strong regulatory control over the economy. The electorate, which voted democratic governments into office, thus played an important role in disciplining capital, and it was during this era that the concept of democratic capitalism first gained popularity in the Global North. From the 1980s onwards, however, this changed with technological advancements and the development of more flexible modes of economic production and consumption, which led to the production of goods in multiple localities across the globe. The post-Fordist state henceforth shifted its focus from providing social welfare to measures intended to promote economic efficiency and flexibility and enhance its competitiveness in global markets (Lobao et al., 2009:4). The entrepreneurial or competition state (Jessop, 1997; Fougner, 2006; Genschel & Seelkopf, 2015) which emerged was geared towards international competition and acted more like a market broker than an economic regulator, formulating its policies to maximise market returns. The transformation in the form and function of the state and the reconfiguration of the economic and

political organisation of the world heralded the advent of neoliberal and globalised capitalism.

Disregarding historical evidence of the mutability of capitalism, some neoliberal scholars, such as Rostow (1960) and North (1990), expressed the view that the global spread of market capitalism formed part of an evolutionary, and hence ineluctable, process in human development (Gray, 2023:17). This perspective gained traction in the neoliberal triumphalism that followed the collapse of the Soviet Union and was most vividly expressed in Fukuyama's book, *The End of History and the Last Man* (1992), which portrayed democratic capitalism as the endpoint in a Darwinian process of human evolution. Despite the assertions of its proponents, however, the current form of globalising neoliberal capitalism did not emerge as a natural progression in the socio-economic development of the human species. Rather, it was the result of conscious political decisions taken by the United States, the United Kingdom, and major capitalist international organisations such as the World Bank, the International Monetary Fund (IMF), and the European Union (Merkel, 2014:117). It was also driven by an ideology carefully crafted by an international elite of economists and policy analysts, a cosmopolitan cultural-economic elite of corporate managers, financial fund managers, consultancy businesses, financial service providers, ideologues, and think-tanks (Swyngedouw, 2004:28).

From the 1990s onwards, politicians in the Global North deferred to the imperatives of “the world economy”, which was granted a power beyond any single nation, to justify restructuring and cuts in welfare spending (Slobodian, 2018:283). To remain competitive in this realm, Swyngedouw (2004:28) maintains that “[f]iscal constraint has to be exercised, social expenditures kept in check, labour markets made more flexible, [and] environmental and social regulation minimised”. Financialisation is the most pernicious variant of this unregulated global capitalism, entailing massive transnational capital flows and profits driven by brokers, banks, investors, and stock markets, much of it based on speculation with limited added value.

In the past four decades, the neoliberal discourse has become a hegemonic, incontestable, and virtually naturalised and self-evident

set of arguments and beliefs which defies critique and silences alternative visions. Furthermore, this global discourse continues to be shaped and reinforced by large media houses and the internet, which have become a new form of imperial power, validating the new world order. The influence of Elon Musk's views, propagated through his online platform X, and the right-wing orthodoxies of Fox News illustrate the power of these media moguls.

A central tenet of neoliberal ideology is the myth that capitalist markets are self-regulating and guided by a hidden hand that functions best without government intervention. Yet, writing more than 60 years ago, Karl Polanyi argued that a self-regulating market amounts to the "institutional separation of society into an economic and political sphere", implying that markets are independent of the social environment in which they are contained (Polanyi, 1957:70). Self-regulating markets, he maintained, were unknown in early variants of capitalism (in mercantilism in particular) and markets were never "more than accessories of economic life", which were subject to the autarchy of a centralised administration (Polanyi, 1957:68).

Repeated global financial crises have further exposed the fallacy of self-regulating markets, particularly in the Global North, where large defaulting corporations, deemed to be "too big to fail", have received government bailouts to preserve jobs and shield national economies from excessively adverse impacts. However, far from acknowledging that such crises are the outcome of inherent contradictions within the capitalist system, advocates of neoliberalism ascribe market failures to irresponsible political interference, which distorts the equilibrium of a self-regulating system. Crisis, Streeck (2011:9) maintains, is portrayed as "punishment for governments failing to respect the natural laws that are the true governors of the economy".

This line of argument is more than mere rhetoric, and it underpins a substantive belief that politics, and hence democratic processes, should not be involved in the economy and that markets should be left to follow their own course. Somewhat paradoxically, however, despite calls for the removal of democratic oversight and regulation of the economy, in the immediate aftermath of the collapse of the Soviet

Union at least, it was the conviction of neoliberal ideologues (and many governments in the Global North) that global capitalism would facilitate the spread of democracy, understood as liberal democracy, in countries in Eastern Europe and in the developing world. However, as Grugel points out, globalisation favoured a restricted variant of liberal democracy which permitted the generation of conformity in economic terms. Democratisation, in fact, was seen as “a means to establish a capitalist global market that serves global capitalists” (Grugel, 2002:8).

Nevertheless, the neoliberal proponents of a global political economy believed it would strengthen democracy in developing countries by limiting the power of inept and corrupt governments. From a neoliberal perspective, Grugel maintains, it was understood that liberalisation would encourage global democratisation in that trade liberalisation would “create free markets, which in turn would facilitate the creation of citizenship, a middle class and a civil society. Markets would act to limit state excesses by creating ‘agencies of restraint’ and therefore work to encourage democracy” (Grugel, 2002:118). There is, however, scant evidence that liberalism has strengthened democracy in developing countries in any significant way (Milner & Mukherjee, 2009; Wejnert, 2018; Akinola, 2018; Gao, 2021). Instead, it has strengthened the authority of Northern capitalism over developing countries, weakened the economic options available to them, and, rather than leading to the progressive empowerment of civil society, it has led to “the creation of hierarchies of global and local power” (Grugel, 2002:119).

Rather than the voluntary adoption of neoliberal practices in the Global South, in the 1980s, austerity measures were imposed on states which were struggling economically and politically (particularly in Africa) as a condition for continued development aid. The Structural Adjustment Programmes (SAPs) reforms imposed in this process involved downsizing of the state, reducing government expenditure, and introducing tighter fiscal controls. The subsequent promotion of New Public Management (NPM) administrative practices encouraged developing countries to charge levies for previously free public goods (education, health, water, etc.), privatise certain state entities, and

outsource activities hitherto undertaken by the state. As the literature reveals, the SAPs and NPM did little to stimulate economic growth and, in many instances, aggravated poverty in poor nations (Olowu, 1999; Manning, 2001; Mutahaba & Kiragu, 2002). Nevertheless, it was (and to a significant extent remains) a central tenet of multi-lateral financial institutions, the World Bank, IMF, and others, that economic growth and improved livelihoods could only be achieved by adherence to neoliberal principles. Illustrative of this thinking, writing at the turn of the millennium and without a hint of irony, De Soto (2000:189) asserted that: “Everyone will benefit from globalizing capitalism within a country, but the most obvious and largest beneficiary will be the poor”.

As the logic of neoliberalism gained momentum in the new millennium, however, the promise that economic growth in countries in the Global South would be stimulated by foreign direct investment and the benefits accruing from free trade turned out to be largely illusory. Trade imbalances between the North and South and the continued extraction of primary goods (minerals, timber, fish, etc.) continued as they had in the colonial era, and local beneficiation was limited. Northern markets were never as open as those in the South, and protectionism in various forms (particularly by the European Union) has restricted imports from emerging economies. Various studies have demonstrated that, despite increased trade and financial flows between the Global North and the Global South, there has been an increase in international inequality rather than a convergence of economic outcomes (Baddeley, 2006; Siddiqui, 2017; Muhammad, 2022). Other studies indicate that globalisation has had little or no significant impact on economic growth within developing countries (Beri et al., 2022) or, alternatively, where growth has been recorded, it has generally been accompanied by increased inequality (Heimberger, 2020; Muhammad, 2022). Some of these outcomes may be attributed to weak governance, corrupt leadership, and conflict, but they are also exacerbated by an economic model that excludes vast numbers of the global population. In that respect, the exponential rise in the number of migrants seeking entry into countries in the Global North is a

manifestation of the growing polarisation between and within states across the world.

Whilst populations in developing economies have benefitted from access to advanced technologies and greater interconnectivity with the wider world, domestically this has not been matched by improved employment opportunities, higher incomes, or improved livelihoods. Although technology is often heralded as a neutral and generally benevolent force that increases productivity, reduces barriers, and expands opportunity, the contemporary trajectory of technological development under neoliberal capitalism has served to intensify precarity, polarisation, and new forms of inequality (De Stefano, 2016). This is because technology does not operate outside political-economic structures; rather, it is shaped by and reproduces the logics of power embedded within them. In this sense, technology has become one of the principal engines of neoliberalisation, amplifying the very tendencies, financialisation, market expansion, labour flexibility, and democratic erosion identified throughout this volume.

Technological innovation under capitalism increasingly serves the interests of global corporations rather than democratic publics. Digitalisation, platformisation, and datafication have enabled unprecedented concentration of economic power in transnational firms such as Amazon, Google, Meta, Apple, Tencent, and Alibaba (Ferrari & Graham, 2021). These companies extract value from social life through surveillance, behaviour prediction, and algorithmic optimisation, creating a new form of techno-feudalism in which users become the raw material for accumulation. The gains from technological productivity accrue overwhelmingly to shareholders and executives, while labour's share steadily declines.

Contemporary technologies exacerbate inequality not only economically, but also socially and politically. Digital infrastructures create new forms of stratification based on access to bandwidth, information, data literacy, and algorithmic visibility (Couldry & Mejias, 2019). Algorithms reproduce and intensify racial, gender, spatial, and class inequalities, embedding historical bias into automated systems of credit scoring, policing, education, and hiring (Eubanks, 2018). The

result is a technologically mediated inequality that is harder to contest because it is presented as neutral, objective, and data-driven.

The global geography of technological production and extraction reinforces longstanding inequalities between the North and South. Data extraction, rare-earth mineral mining, exploited labour in electronics manufacturing, and the environmental burdens of e-waste form a chain of digital coloniality (Bjerregaard & La Cour Lauridsen, 2019; Sovacool, 2019). Wealth generated through platforms in the Global North depends on resource and labour exploitation across Africa, Asia, and Latin America (Srnicek, 2017; Couldry & Mejias, 2021). Technology thereby becomes a tool through which global capitalism reorganises hierarchies rather than dismantling them.

Somewhat incongruously, whilst the proponents of neoliberalism assert that an integrated global economy is an inevitable and positive outcome which will be to the benefit of all, lip service is generally paid to the need to collectively address matters which affect the health of the planet and pose an existential threat to humankind. This is despite the fact that concerns about the need for collective global responses to the threats posed by the unsustainable usage of natural sources and to the growing divide between the rich and poor, both within and between nation states, have been raised in various fora for much of the past half century commencing with the Club of Rome's *Limits to Growth* report (1972), the *Brundtland Report* (1987), and others. These debates included calls for a dramatic rethinking of a global economic model premised on the need for ever-increasing growth, on the availability of an endless supply of natural resources, and a general disregard for the long-term consequences of the polluting effects of existing production systems.

Despite the considerable challenges faced in building such a consensus, some headway towards this goal was achieved in 2000 when all member states of the United Nations (UN) adopted the Millennium Development Goals (MDGs). The MDGs were the first set of globally approved development goals, and while they were criticised for their poorly formulated objectives, insufficient focus on environmental sustainability, and neoliberal orientation, they

did, importantly, stress the need to narrow the gap between social development needs and the relentless quest for economic growth. The UN's adoption of the 2030 Agenda for Sustainable Development in 2015 sought to build on the objectives of the MDGs and to address some of their more glaring shortcomings. Notably, building solidarity and eradicating poverty are explicit in the aspirational goals of the Agenda, which asserts the urgent need "to shift the world onto a sustainable and resilient path." It further states that "eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development" (United Nations, 2015).

The advancement of an alternative vision of a more just and equitable world, committed to cooperation in establishing a sustainable environment for future generations, and in combating crime, drug cartels, human trafficking, and other activities which impact all countries, has been advanced in other UN fora. The adoption of the Paris Agreement in 2015 committed 196 countries to reduce greenhouse gas emissions by 43 per cent in 2030 and to limit global warming to 1.5°C. An explicit part of this commitment was the agreement to shift from fossil fuels to renewable energy and to more sustainable usage of natural resources. Despite the almost unanimous adoption of the Paris Agreement's principals, and despite the fact that some headway has been made towards a green transition in some countries in the Global North, it is also clear that large multinational corporations engaged in producing fossil fuels have little interest in advancing this agenda, notwithstanding the overwhelming scientific evidence of the harm which the industry is causing the planet. The recalcitrance of these corporations, in the United States at least (and oil-producing Norway, it must be added), has been reinforced by Donald Trump's executive decision to withdraw his country from the Paris Agreement and the pronouncement in his 2025 inaugural speech that they will "drill, baby, drill".

The implications of a lack of effective international cooperation and the self-serving nature of transnational corporations were never more clearly demonstrated than during the COVID-19 pandemic,

which had a profound impact on the social and political economies of states across the globe. Confronted by the rapid transmission of a virus which could not be contained within national, or indeed continental boundaries, and which posed a real threat to the health of all of humanity, it became increasingly apparent to the international scientific community, at least, that further spread of the disease could only be held in check by a coordinated and collective global response. Collective action, however, was only ever limited and more typically, the responses of states in the Global North were driven by narrow national interests or by the collective interests of their economic bloc (Tenwick, 2022).

Despite the mobilisation of massive resources in the Global North to combat the virus, the funding in circulation opened opportunities for the maximisation of profit and self-enrichment by unscrupulous multinational corporations and the mega-rich. This self-serving approach ultimately resulted in a zero-sum outcome in that vaccine nationalism and selective travel restrictions, among other measures imposed, not only failed to contain the spread of COVID-19 in the Global North, but they also aided rapid mutation of different variants of the virus among unvaccinated communities in the Global South which, in turn, looped back into more affluent populations in the North. At the same time, whilst the pandemic led to extensive loss of life worldwide and deepening poverty in states in the Global South, large corporations in the Global North recorded significant profits during this period. Big pharmaceutical companies (Pfizer, Johnson and Johnson, among them) and those in the digital sector were major beneficiaries, but many others exploited the opportunities created by the pandemic, leading to greater wealth for the ultra-rich and a further widening of the economic gap between the North and South.

More broadly, neoliberal policies have severely weakened public health institutions by subjecting their operations to market logics that prioritise efficiency, competition, and cost containment over universal access, equity, and collective wellbeing. This shift replaces the democratic motive of safeguarding population wellbeing with the market goal of cost minimisation and profit extraction, creating a

system in which access to care becomes stratified by class, race, and geography. As with other public institutions, the introduction of NPM and the privatisation of essential services transfer decision-making power away from elected bodies and into the hands of managers, corporate providers, and global health companies whose priorities are insulated from public scrutiny. Austerity policies further erode institutional capacity, weakening preventive services, hollowing out public health infrastructures, and exacerbating the vulnerability of poorer communities.

Neoliberalism also reframes health not as a social and political issue but as a matter of individual responsibility, obscuring the structural determinants of illness and legitimising state withdrawal from its democratic obligation to ensure the conditions for a healthy life. In this way, the neoliberal restructuring of public health mirrors the wider displacement of democratic governance by market rule: collective needs become secondary to fiscal discipline, rights are recast as private commodities, and the social solidarity essential to democratic life is undermined by rising inequality in health outcomes and access to care.

The continued hegemony of neoliberal capitalism globally, however, is neither inevitable nor irreversible. This is due to the inherent contradictions which have always existed within capitalism, and which have led to a growing backlash against globalisation in countries in the North and South. In the North, this has been attributed to multiple factors, including the impact of cheap imports from China (the primary villain in the eyes of many politicians in the United States and Europe), which have undercut and often replaced domestically produced goods, and the immigration of people from poorer nations. China's exploitation of the opportunities presented by free trade is somewhat ironic, in that it is deploying many of the same strategies first used by Europe and the United States in the Global South and with equally negative consequences. It is also due to the mobility of transnational capital to countries where production costs (of labour in particular) are cheaper, tax regimes are more lenient, and regulatory measures (including those relating to environmental protection) are less strictly enforced. At the same time, the widespread casualisation

of labour and increased precarity of workers has diminished the power of organised labour, which has been unable to prevent domestic job losses, reduced wages, and, following the logic of neoliberalism, the privatisation of welfare services and the commodification of free public goods hitherto provided by the state.

Thus, whilst there have been winners in the spread of globalisation, there have also been losers domestically and internationally. The unequal sharing of the welfare gains of globalisation, together with a lack of redistributive policies to compensate those segments of society adversely impacted, has led to a backlash against international free trade in many countries in the Global North. In that respect, globalising capital could be seen as a victim of its own success, like a virus that has outlived its host and destroyed the conditions for its own existence. These emerging contradictions have fuelled the rise of economic nationalism and right-wing populism advocating support for domestic markets and strong trade protectionism. This is evident, for example, in the motivation for the United Kingdom's departure from the European Union, in the America First policies of the Trump administration, and in Russia and other states as a result of sanctions imposed by the West.

The introduction of increased import tariffs and trade wars has begun to restrict the free movement of goods and will likely change the global spread of neoliberal capitalism in its current form and, in the process, redefine its influence as a totalising ideology. The threat to global capitalism posed by what has been termed geoeconomic fragmentation, described as “a policy-driven reversal of global economic integration often guided by strategic considerations” (Aiyar & Ilyina, 2023), has emerged as a concern for the IMF, the World Trade Organization, and other global financial institutions which have in recent years documented decreased volumes of international trade and technology transfers among other exchanges (Aiyar et al., 2023; Góes & Bekkers, 2022). The combination of growing right-wing populism and protectionism has prompted Colantone and Stanig (2018:937) to suggest that “we might see the end, and possibly even a reversal, of globalisation”.

This suggestion is given credence by the Trump administration's reassertion of the principles of the 1823 Monroe Doctrine (now popularly referred to as the 'Donroe Doctrine') to justify its military incursion into Venezuela, its threats to pursue regime change in other Latin American states, and its proposals to annex Greenland – actions that collectively reflect an intent to establish American dominance over the Western hemisphere and its inherent right to extract resources from subjugated vassal states (Nicas, 2025). This abandonment of a rules-based international order and the adoption of a might-is-right approach to global geopolitics are likely to lead to further geoeconomic fragmentation, as powerful states such as China, Russia, and others are encouraged to establish exclusive spheres of regional dominance (Pierson, 2026). This reversion to what is, in effect, a form of mercantile capitalism, is undermining the notion of an integrated global economy. Although there might be a reset should a new administration with a different agenda be elected in 2028, it is unlikely there will be a return to the *status quo ante*.

Notwithstanding the disruption of international trade and contraction of global capital flows in the foreseeable future, however, predictions of the imminent demise of neoliberalism would seem unduly optimistic. There is, as yet, no sign that neoliberal capitalism is in retreat within nation states themselves, and, if anything, there is a danger that it is mutating under more authoritarian and anti-democratic regimes (Slobodian, 2025). As Merkel (2014:111) has pointed out, although historical evidence indicates that no developed democracy exists without capitalism, there is equally strong evidence that democracy is not a prerequisite for capitalism. Forms of a market economy (albeit often closely state-regulated) have flourished under fascist regimes, under the state-led model of economic growth pursued by the East Asian developmental states and, latterly, in the hybrid model of global capitalism advanced by China and typified in its Belt and Road initiative. At the same time, as the chapters by Kronauer and Nilsen in this volume point out, the rise of populist authoritarian regimes represents attempts to diminish democratic processes rather than to restructure neoliberal systems of accumulation.

The emerging structural contradictions in the dynamics of globalised capitalism have nevertheless created opportunities for civil society and national states to push back against the seemingly inexorable force of neoliberalism. The retreat into nationalism, protectionism, and the fragmentation of economic blocs has weakened the hegemony of neoliberalism as the only viable option for human development. In Gramsci's theoretical conceptualisation, hegemony is viewed as a synthesis of consent and control underpinned by an ideological narrative that naturalises and mystifies relations of power and presents them as being in the universal interests of all (Gramsci, 1971:106; Bocock, 1986:63). By extension, in contrast, the current endeavour of the United States to impose its economic power on even its closest allies and its military might on others distinguishes it as an authoritarian state rather than a hegemonic one in the mould of previous administrations. In other words, the legitimacy which underpinned the era of Pax Americana and the rise of neoliberal global capitalism has been severely shaken. In that respect, as Wright (2016:13) has pointed out, neoliberalism "is an ideology, backed by powerful political forces, rather than a scientifically accurate account of the actual limits we face in making the world a better place". As merely the latest variant of the ever-mutating capitalism, he suggests, it has never been proven that neoliberalism "is a more efficient, rational or resource saving way of making decisions than any other" such as through democratic processes and a responsible bureaucracy (Wright, 2019).

There is growing resistance to globalisation within civil societies in countries in the North and South, as ordinary people become increasingly disillusioned with the manifestly implausible narrative that neoliberalism benefits all. However, as Eval (2021:407) cautions, this resistance is currently neither coherent nor structured, and there are many different forms of revolt, including those of nationalist racism, right-wing populism, religious fundamentalism, and anti-scientism, among others, which do not herald a more progressive future for humankind. The interconnectivity and decentralised media established by globalisation, he maintains, have armed those who seek

to destroy it. Although such groups profess to represent the interests of the poor or the middle class, their real intent is more radical, and whilst they may be sworn enemies, they have in common the fact that they are using the grievances of a globalised world to advance their own agendas (Eval, 2021:416).

Here, we revert to a central theme of this volume: despite the challenges, prospects do exist to create a more constructive and socially progressive variant of capitalism which will serve the interests of national and global populations. Social movements have for some years been mobilising against globalised neoliberalism at meetings such as the World Economic Forum, the G7, the IMF, and other multinational financial institutions. However, these decentralised mass campaigns, involving direct action and civil disobedience, generally lack coherent goals and a common vision of what should be achieved. Globally, a wide variety of social movements, non-governmental organisations, political parties, and community-based organisations continue to struggle against the disruptive impacts of neoliberalism with mixed success. A force that has yet to be effectively mobilised is electorates in democratic states, but this is contingent on the extent to which citizens exercise their democratic rights and powers and elect leaders willing to regulate the neoliberal model of globalised capital. To do so, there is a need to overcome the trust deficit in democratic institutions and practices, which, as many studies have shown, exists in countries across the world.

At the global level, as indicated, platforms have already been established to address global challenges of concern to all nations. The goals of the 2030 Agenda and the Paris Agreement, among others, have set targets and established protocols that have been endorsed by virtually all countries in the world. Reining in the power of multinational corporations (especially those in the energy sector), challenging as it might be, will strengthen the authority of nation states to fulfil these goals, provided they too are held accountable by their own constituencies.

Outline of the book

The book is divided into two parts. The first part examines the different manifestations and impacts of globalised neoliberal capitalism in the Global North, the threats which it poses to democracy, and the extent to which it has shaped an economic order which is socially unjust and environmentally unsustainable. The second part looks at how neoliberalism has shaped economic development paths in the Global South and the extent to which it has led to authoritarian populism and a widening poverty gap between and within states across the globe.

The chapter by Ole Johnnny Olsen continues the theme of the introductory chapter and provides an historical overview of the emergence of democratic capitalism in the Nordic states and how it has since been undermined by the spread of neoliberalism. The emergence of global capitalism, he argues, has closed spaces which had hitherto enabled ordinary citizens to participate in democratic decision-making processes which directly influenced their lives. This, in turn, has diminished the essence of democracy and the ideal of a common good and has led to the privatisation of public goods and to growing social inequality. Olsen contends that trade unions, although weakened, have a pivotal role to play in revitalising democracy by engaging with skills development and workplace democracy. “Decent work”, he asserts, is central to democratic subjectivity since work provides not only wages and security, but also recognition, pride, and autonomy, all of which are necessary conditions for active citizenship.

Trade unions, though weakened, remain crucial institutions for building collective agency as they are embedded in everyday working life and in contexts where democratic capacities can be cultivated. Olsen stresses that unions must embrace workers as wage-earners *and* producers, reclaiming the link between skills, autonomy, and democratic participation.

Historical examples from Norway illustrate how strong apprenticeship systems fostered skilled, confident workers who actively shaped production, strengthening democracy and the unions

themselves. In contrast, labour reforms which neglected skills produced only short-term productivity gains without democratic renewal. Workplace democracy and skill formation thus form the bedrock of democratic socialism. Through apprenticeships, communities of practice, and workplace co-determination, workers gain recognition, autonomy, and solidarity. These practices enable resistance to authoritarianism and support a transformative socio-cultural basis for democracy.

Historically, Norway's post-war democratic capitalism demonstrated the efficacy of this nexus, producing a fair distribution of gains, strong welfare protection, and cooperative institutions. However, globalisation, neoliberal restructuring, and the 2008 financial crisis have eroded these foundations, hollowing out democracy and creating fertile ground for authoritarian politics. Drawing on scholars like Klaus Dörre, Nancy Fraser, and Hartmut Rosa, Olsen asserts that restoring democracy will require moving beyond nostalgic calls for social democracy and, he argues, towards a form of socio-ecological democratic socialism grounded in new political vocabularies, collective imaginaries, and everyday practices of solidarity. Rosa's conceptualisation of a lack of "resonance", the disconnect between large segments of the population and the elites, he maintains, underscores the importance of creating mutual recognition and interconnectedness within society, which neoliberal capitalism has undermined.

Tomas H. Løding's chapter looks at how financialisation and de-politicisation, two interlinked facets of neoliberalisation, have reshaped Norway's political economy, hitherto widely considered to be an archetype of social democracy. With the undergirding of the world's largest sovereign wealth fund, coordinated wage bargaining, and a strong welfare state, he states, Norway might seem an unlikely country to suffer from the disruptive impacts of neoliberalism and the diminution of democratic oversight. Nevertheless, he maintains, reforms in the electricity sector and in green industrial policy demonstrate the extent to which financial logic and technocratic governance have permeated public administration and have, in the process, eroded democratic control.

Prior to 1990, Norway's hydropower generation operated under a publicly owned utility, governed by legislation and subject to parliamentary oversight. The promulgation of the 1990 Energy Act liberalised the sector, creating a Nordic power exchange, corporatising utilities, and henceforth treating electricity as a market commodity. Following this development, municipalities, hitherto the providers of electricity as a public good, became shareholders managing volatile financial assets, while decision-making in the electricity sector shifted to regulators and market institutions, thereby de-politicising resource management and reducing the scope for coordinated public planning. Electricity provision, which had previously been informed by welfare concerns and industrial strategy, is now focused on generating profit and maximising financial returns.

Norway's Green Industrial Initiative, launched in 2022, emphasised the need to invest in seven sectors of the green economy, including hydrogen, offshore wind power, CO₂ management, and the bio-economy, among other emerging sectors. However, despite the existence of highly effective state-owned enterprises (SOEs) and vast sovereign wealth, the state has largely excluded SOEs from leading roles in the initiative. To the contrary, public policy prioritises the mobilisation of private capital through such de-risking mechanisms as state guarantees, subsidies, and early-stage equity stakes. This 'investor state' approach mirrors the logic of venture capitalism, where public funds are used to create profitable firms that are eventually privatised, rather than retained for long-term strategic control. Confidential contracts and limited transparency further insulate these decisions from public scrutiny.

Løding argues that rather than by-products, financialisation and de-politicisation are central components of the neoliberal system of governance, in which publicly owned assets are increasingly managed as private financial instruments, distancing them from democratic oversight and accountability. Norway's path, from direct public provision towards risk management for private capital, he argues, illustrates how neoliberal logic serves to reframe social democracy itself. The result is diminished transparency and weakened state

capacity to direct economic transformation, even in the face of pressing challenges such as global warming. Reversing this trend, Løding maintains, will require re-politicising financialised domains and reasserting democratic control over strategic assets.

In their chapter, Katharina Sass and Sarah-Christin Aga trace the transformation of Norwegian education from its post-Second World War ideal of comprehensive, egalitarian schooling to a system increasingly shaped by grades, competition, and market logic. Post-war policies, particularly under the Labour Party, had envisioned schools as institutions of democracy and social cohesion, integrating students across class lines through a geographically-based admissions system and classrooms with pupils of mixed ability. Private schooling in this era was very limited, and inclusive admission criteria based, for example, on residential area or caregiving responsibilities, were informed by social-democratic principles. From the 1980s onwards, however, shifts in the political terrain profoundly altered this model. A Conservative-led government (1981–1986) reinstated grades as the primary criterion for admission to upper-secondary schooling, orienting education towards productivity and efficiency rather than equity. By the 1990s, in what was known as Reform 94, the government expanded access, reduced study tracks, and introduced decentralised, managerial modes of school governance. The subsequent introduction of Reform 97 reaffirmed mixed-ability principles but, paradoxically, expanded the grading systems and, in so doing, progressively embedded market-oriented language into education policy.

A decisive turn came in the early 2000s when the Conservative Education Minister, Kristin Clemet, launched the Knowledge Promotion reform, which introduced national standardised testing and, from 2004, publication of the test results of individual schools on a website portal (*Skoleporten*), thereby allowing direct comparison of students' performance between institutions. This initiative led to benchmarking of schools' academic achievements and also focused on what were deemed basic competencies. In the terminology of neoliberalism, schools were redefined as 'service providers', while students and parents were framed as 'users' and 'clients'. The stated

policy of ‘free school choice’ allowed for county-wide applications based solely on grades and was justified by claims that the quality of education would be improved through competition. Critics, however, warned of heightened social diversity and exclusion, with high-performing students concentrated in elite schools while others face limited, and often stigmatised, educational options.

The chapter cites a case study of the education system in the Hordaland County to illustrate the negative impacts of introducing a competitive schooling model. A Labour-led administration had initially sought to ensure socio-economic inclusivity through a quota system that allocated students, irrespective of their grades, across all schools. In 2004, however, a right-wing coalition (comprising the Conservative Party, the Progress Party, and the Christian Democrats) introduced a comprehensive grade-based admissions system, resulting in increasing segregation and reputational hierarchies among schools. Sass and Aga conclude that neoliberal principles of competition and ranking have become hegemonic in Norwegian education. Although surveys reveal that students themselves support the values of diversity and inclusivity in schools, under the guise of ‘choice’, the system privileges high-achievers, leaving low-achieving students with fewer, and often poorer-quality, schooling options. In this way, social segregation is entrenched and the original social-democratic vision of schooling as a driver of equality and solidarity has been eroded.

Martin Kronauer’s chapter examines the rise of the far right in Europe and attributes this to the long-term political and social consequences of neoliberalism, which, he argues, have systematically eroded equality, solidarity, and citizenship. While far-right parties attribute their growth to popular concerns over such issues as migration, climate policy, and the impacts of European Union integration, the deeper drivers of their success, he maintains, may be ascribed to four decades of neoliberal restructuring that have fragmented societies and weakened democratic institutions. He describes neoliberalism as an anti-democratic political project in that it promotes markets above politics, rolls back social rights, and insulates capitalism from redistributive democracy. Where post-war welfare systems became a ‘third pillar’ of citizens’ rights and ensured

substantive freedoms, since the 1970s, these have been progressively dismantled by neoliberal reforms even within well-established Nordic social democracies.

The social effects of this transition, he asserts, have been profound. Inequality has widened, creating a 'zone of exclusivity' for elites closely tied to political and corporate power, and a 'zone of exclusion' for marginalised communities who lack the resources and influence to participate in societal decision-making. Within these two zones, labour market reforms have deepened the divide between secure and precarious workers and have worsened spatial inequalities between thriving and declining regions. At the same time, the emphasis on individualisation, which has become a core tenet of neoliberalism, has dismantled forms of collective protection and has shifted risk onto individuals who must assume responsibility for their own fortunes when confronted with economic and financial forces beyond their control. In this way, he argues, inequality has been de-politicised and the influence of capital is shielded from popular demands and resistance.

At the same time, the widespread social and economic insecurity resulting from neoliberal reforms has created a breeding ground for the rise of right-wing extremism. Manifesting recognisable features of fascism, the populist right exploits the fears of marginalised and insecure segments of society with the promise of a new collective identity, a new sense of community based on a narrow ethno-nationalism which focuses on the alleged threats posed by migrants, advocates for climate change, and perceived outside interference more broadly. At the same time, however, far-right parties in Europe continue to endorse neoliberalism, the very economic system that has led to the insecurity and immiseration of their followers.

Kronauer concludes that as the de-politicisation of inequality brought about by neoliberalism has created a void now filled by the far right, combating the movement will require the re-politicisation of inequality, a revitalisation of egalitarian visions, and a reconstruction of institutions of shared responsibility. This resistance must not be confined to elections and must extend into workplaces, unions, and communities, and must address issues relating to migration and

climate change in a collective and equitable way. Without such action, he maintains, neoliberal fragmentation will continue to fuel the growth of authoritarian populism and far-right politics in Europe.

Expanding on the theme of Kronauer's chapter, Alf Gunvald Nilsen looks at the rise of authoritarian populism in Asia, Africa, and Latin America. While scholarship on populism often centres on style and leadership in the Global North, Nilsen focuses on the material political-economic foundations of these movements in the South, where elite endeavours to reconcile accumulation with legitimisation in the midst of deepening precarity have yet to be fully understood. Applying Gramsci's conceptualisation of 'organic crisis', he situates this within what he terms the 'southern interregnum', a conjuncture where neoliberalism has exhausted much of its developmental promise, producing growth without redistribution, mass precarity, and a legitimacy crisis for ruling elites, in a context in which an alternative order has yet to emerge.

The southern interregnum, he maintains, is marked by uneven development where, notwithstanding the fact that many countries in the Global South are now classified as having reached middle-income status, around 70 per cent of the world's poor now live within these states. Although the commodity super-cycle of the early 2000s briefly expanded fiscal space, it reinforced dependence on global value chains, diminished domestic industrialisation, limited employment gains, and increased reliance on the informal sector. The ensuing hardship led to widespread discontent and an upsurge in mass protests in many countries, commencing with the uprisings of the Arab Spring and manifesting in demonstrations in Chile, Lebanon, India, Hong Kong, and elsewhere.

In the context of this accumulation crisis, he maintains, authoritarian populism has emerged as a hegemonic project that mobilises a virtuous 'people' in a struggle against perceived internal enemies – minorities, criminals, migrants, or corrupt elites – and at the same time legitimises the need for coercive state power and for strongman leadership to steer the country to prosperity. Authoritarian populist regimes build inter-class coalitions where economic elites, the middle

classes, and precarious workers are united through appeals to order, security, and national renewal, even as neoliberal economic orthodoxy remains intact. Such projects gain traction by engaging with the lived experiences of precarious groups, translating anxieties and hopes into political consent. In Brazil, rising crime and economic stagnation fed Bolsonaro's law-and-order appeal, whilst in the Philippines, Duterte fused the fear of violent crime with promises of economic improvement and moral renewal. In India, Hindu nationalism offered lower castes, what has been termed 'psychological wages', otherwise understood as symbolic dignity, or a sense of belonging derived from inclusion within the Hindu nation, whilst at the same time consolidating the accumulation strategies of the elite.

Nilsen argues that authoritarian populism stabilises neoliberal governance by deflecting structural crises into moral struggles, offering symbolic compensation while simultaneously entrenching inequality. Whilst the durability of this hegemonic programme is contextual and depends on state capacity and historical legacies, he warns that authoritarian populism in the South may endure and expand as the means by which elites reestablish their modes of accumulation, prolonging neoliberalism while at the same time accelerating democratic erosion, authoritarian coercion, exclusionary nationalism, and the normalisation of inequality.

Tom Skauge asks the crucial question: given that an overwhelming majority of the nation states have agreed to the UN Agenda 2030 and its 17 goals, why have they not been implemented? Based on the UN tracking system, only 16 per cent progress toward the SDGs is evident as we approach 2030. For several goals, particularly those concerning air, land, and the oceans, which Skauge focuses on, we can even observe regression. This leads him to ask whether the normative function of the SDGs has failed in its intention to change business behaviour and state policies. Reviewing the various attempts at global self commitment to the goals, it becomes clear that most of these efforts have fallen short.

If this is the case, he argues, a regulatory framework becomes necessary. Yet implementing such regulation at the state level has

become increasingly difficult, largely because neoliberalism has eroded public and political support for regulating business more broadly. The global market now holds the upper hand and often overrides state policies. Global neoliberal capitalism aligns closely with the rhetoric of certain political regimes and major corporations, voices inspired by figures such as Trump and the ethos of Silicon Valley. From this perspective, the environmental crisis is dismissed as non-existent. Consequently, the prospects for achieving the Sustainable Development Goals appear bleak. However, as Skauge demonstrates at the end of his chapter, where regulations have enjoyed political and democratic support, they have proven effective, directly countering neoliberal arguments against regulatory intervention.

Tor Halvorsen's chapter begins with the premise that the neoliberal order has not only led to the impoverishment of large swathes of the world's population, but the economic growth model that underpins global capitalism is ecologically unsustainable and poses an existential threat to humanity. Confronted with the need for a more environmentally sustainable, more just, and more socially inclusive global development framework, he proposes that the soon-to-be updated United Nations 2030 Agenda for Sustainable Development, and the 17 SDGs which define its objectives, could serve as a blue print, a global constitution as it were, capable of challenging the hegemony of neoliberalism and of promoting a new world order.

The SDGs, he acknowledges, are the outcome of political compromise and consequently embody contradictions. On the one hand, they embed neoliberal assumptions with respect to market-driven growth, a faith in technological advancements, and state facilitation of global capitalism. On the other hand, they include strong normative commitments to reducing inequality, the sustainable use of natural resources, and fostering social wellbeing beyond GDP growth, values fundamentally at odds with neoliberal orthodoxy. At the same time, acceptance of the SDGs in 2015 was virtually universal, having been adopted by 193 states in the United Nations Assembly.

Whilst the pursuit of an eco-social model might be seen by some as utopian in a world dominated by resurgent authoritarianism,

geopolitical rivalry, and nationalist retrenchment, he argues that neoliberalism itself was once a marginal intellectual project, developed by Hayek, Friedman, and the Mont Pèlerin Society in the mid-20th century, before it became globally dominant. As Perry Anderson observes, history is shaped by long-term ideological struggles (Anderson, 2025:19–37). If neoliberalism could become hegemonic, an eco-social alternative can also be built, provided there is intellectual coherence, political will, and transnational mobilisation.

Halvorsen concludes that the SDGs represent an unprecedented opportunity to challenge neoliberal hegemony and create a just, sustainable global order. Realising this potential will require a radical interpretation of the goals, democratic renewal, and institutional innovation. However, the SDGs must be seen not as incremental targets but as a mandate for systemic change, re-regulating global markets, redistributing wealth, embedding environmental limits into decision-making, and strengthening popular sovereignty. Only by advancing an eco-social paradigm grounded in solidarity, justice, and democratic participation can the SDGs serve as a genuine blueprint for transformation rather than a symbolic gesture.

John Higgins's chapter examines South Africa's student protests in 2015 and 2016 which excited worldwide attention, uniting as they did global concerns about the neoliberal model for student funding (#FeesMustFall) with the decolonising drive that led to the removal of Cecil John Rhodes's statue from its commanding position at the University of Cape Town (#RhodesMustFall). His chapter argues that many generally unconsidered tensions exist between the social justice *content* of the protests and the limits imposed on their actual democratising force by their particular *forms* of mobilisation and political interpellation.

He suggests that due consideration of Foucault's engagement with the idea of *parrhesia* (free, forthright, or provocative expression) can provide a useful framework for understanding these tensions between form and content and the question of the democratising force of the protests as a whole. In this, he pursues two lines of argument. First, *parrhesia* helps to explain what made the student protests of 2015

and 2016 so different in scale and intensity from previous decades of protest. Second, a further probing of *parrhesia* as the ‘Cynic scandal’ (Foucault’s term) brings into focus the particular contradictions around democracy involved in *parrhesia* itself and in the protest movement. The chapter concludes with a brief survey of some of the consequences that the limited democratisation built into the protest movement had for higher education policy in South Africa.

Where much of the focus on the impacts of globalisation has been at the national level, Chris Tapscott’s chapter looks at how pressures to conform to the seeming imperatives of neoliberal economic principles have led to changes in the relationship between local, central, and global scales of government. As other chapters in this volume have discussed, in their efforts to achieve greater global competitiveness through the deregulation of markets, the diminution of political oversight, and the commodification of public goods, nation states have ceded considerable power to global capitalism and have weakened their sovereignty in the process. A weakening of national authority, he maintains, has also led to a new division of powers between the central and local state on the one hand and supranational forms of government on the other. He examines this interpenetration of global and local dynamics through what has been characterised as a process of ‘glocalisation’ (Robertson, 1995), where municipalities, particularly metropolitan governments, are increasingly exposed to global markets. In their quest to become more competitive nationally and internationally, megacities endeavour to establish an entrepreneurial environment conducive to attracting and retaining transnational investment independently of the national state. There is little evidence, however, that growth-oriented strategies introduced in support of global competitiveness have led to welfare gains for all and have, if anything, created greater social and spatial inequality.

His chapter examines symptoms of glocalisation in Cape Town, South Africa, as it seeks to position itself as the ‘digital hub’ of Africa and as the gateway to the continent’s markets. Since the late 1990s, municipal strategies have explicitly sought to attract multinational corporations, digital industries, and foreign direct investment by improving infrastructure, strengthening support services, providing

incentives to investors, and making it easier to do business. While these policies have enhanced Cape Town's attractiveness to global investors, they have also deepened structural contradictions within the economy. The city's fastest-growing sectors (finance, ICT, business services, and real estate) are highly skills-intensive, yet a major proportion of the population is semi-skilled, along with increasing numbers of low-skilled workers from rural areas. This mismatch in job creation has led to rising unemployment, especially among youth, and to an increased reliance on precarious informal work.

Despite repeated rhetorical commitments to inclusivity, municipal development priorities continue to cater mainly to the interests of more affluent citizens and external investors. This is because the growth path pursued has done little to address the legacy of apartheid rule, and spatial and racial segregation from that era remain entrenched.

Tapscott argues that the pursuit of global competitiveness and investment has exacerbated inequality and exclusion in what is already one of the world's most unequal cities. Unless alternative strategies are developed to address poverty, unemployment, and spatial injustice, he maintains, glocalisation in Cape Town is likely to fuel future socio-economic tension, crime, and social unrest.

In the concluding chapter, Tapscott and Halvorsen provide a synopsis of the increasingly strained relationship between democracy and capitalism under the dominance of neoliberalism. It illustrates how neoliberal thought, informed by the Hayekian proposition that democratic intervention distorts market 'knowledge', has systematically reduced democratic authority over the economy and extended the reach of market logic into all areas of social life. Far from being a natural evolutionary process, neoliberalism has been an intentional political project advanced by think-tanks, powerful states, and multilateral institutions such as the IMF, World Bank, and OECD. Its consequences include financialisation, privatisation, rising inequality, and the erosion of welfare institutions, even in historically resilient social democracies like the Nordic countries. The resulting precarity is fuelling right-wing populist movements that mobilise resentment but leave neoliberal economic structures intact.

The chapter further illustrates how neoliberalism in the Global South has entrenched elite accumulation, weakened democratic oversight, and intensified socio-economic instability. Along with this, the rise of global techno-capitalism, driven largely by Silicon Valley and replicated in China, has created new forms of digital colonialism and corporate dominance that operate beyond democratic reach. Platform monopolies extract value through surveillance and datafication, deepen labour precarity, and reproduce racialised and class-based inequalities. These developments combine with ecological degradation, resource depletion, and climate change to demonstrate the unsustainability of the neoliberal growth model.

Despite its predominance, however, Tapscott and Halvorsen maintain that the spread of neoliberalism is not inevitable and that there is growing, albeit uncoordinated, opposition to its hegemony. They emphasise, as have several authors in the volume, that the UN Agenda 2030 and the revival of social-democratic and eco-social ideas offer openings for democratic renewal. Strengthening democratic governance, empowering unions, building collective institutions, and establishing international regulatory frameworks capable of disciplining capital, they argue, are essential for confronting ecological crises, inequality, and the erosion of social cohesion. The future of democracy depends on dismantling neoliberal hegemony and reasserting democratic control over economic and technological systems.

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CHAPTER 2

ON THE SOCIO-CULTURAL FOUNDATIONS OF DEMOCRATIC SOCIALISM: WHY TRADE UNIONS MUST ENGAGE WITH SKILLS

Ole Johnny Olsen

In a context where neoliberal capitalism, in both the North and much of the South, is shifting towards autocracy and right-wing populism is on the rise, this chapter poses the question: what can be done to defend democracy? Furthermore, how can we build a foundation for democracy that extends beyond individual liberty and the right to vote to genuine popular rule, where “all those affected by binding decisions can participate in their making” (Mota & Wagner, 2019:6)? These are questions that concern all true defenders of political democracy today, whether in academic circles, the broader political sphere, or among engaged families, friends, and workplace communities.

The current situation feels threatening and generates a sense of powerlessness. When a sitting US president is labelled a fascist by opponents, and such a description seems justified, it is but one of many indicators of an uncertain future. Drawing on the work of the American sociologist C. Wright Mills, who encouraged sociology to illuminate public issues that create private anxieties, this chapter, and indeed the entire book, engages with what is arguably one of

the most pressing challenges of our time. While it does not promise definitive solutions, it offers a possible starting point for (re)building the foundations of democratic participation to guide us towards a fair and sustainable future.

In summary, the chapter follows the tradition of the critical sociology of work to highlight the crucial role of ‘decent work’ in fostering democratic subjectivities. It critiques the traditional reluctance of trade unions to prioritise this role and argues that skills formation and participation in occupational communities serve as key institutional foundations for social recognition, self-worth, and individual self-determination. These, in turn, are essential for advancing social equality, securing decent work, and cultivating the self-confidence necessary for democratic participation in the workplace and society at large. However, this argument is rooted in a broader critique of democratic capitalism and an appeal for democratic socialism, not as a revival of historical models but as a vision for a society based on real democratic control over shared resources and common goods. How such democratic control should be institutionalised and safeguarded is beyond the scope of the chapter, but it is a crucial discussion for all who are committed to building a just and democratic future. What is clear is that democracy must empower participation from the bottom up, not just from the top down.

This may sound idealistic, even naïve. After all, in many countries in the Global South, poverty remains a stark reality for the majority, and youth unemployment exceeds 50 per cent. How relevant, then, is a focus on workers’ skills, and beyond that, where are the social movements and collective will to push for change in this direction? I acknowledge that these ideas may seem distant from immediate struggles. Yet, precisely for that reason, we must explore how to stimulate and nurture individual and collective capacities for progressive social transformation.

The trade unions’ one-sided emphasis on workers’ rights *as employees*, concerned primarily with wages, conditions, and job security, rather than on workers’ rights *as producers* with a stake in shaping the organisation of production, represented a major limitation

in the historical counter-movement that supported democratic capitalism in the Global North. By leaving managerial prerogative largely unchallenged, unions inadvertently accepted the capitalist claim that decisions over investment, technology, productivity, and organisational purpose should remain insulated from democratic scrutiny. This ceded terrain later made it easier for neoliberalism to reassert the dominance of market-driven management and weaken collective power in the workplace. Today, as global capitalism undergoes rapid technological and ecological transformation, unions cannot afford to repeat this mistake. Redistributing power not only over jobs but over production itself must be central to any contemporary democratic project. I will elaborate on this argument at the end of the chapter.

No return to democratic capitalism: Time to build a socio-cultural foundation for democratic socialism

The late Francis Sejersted, a prominent scholar of contemporary Norwegian history, introduced the term ‘democratic capitalism’ in 1993 to describe Norway’s social structure in the decades following the Second World War. In a broader discussion some years later, he proposed two simple yet insightful definitions of the term’s core elements, which are useful for our discussion. Drawing on Weberian ideal types, Sejersted (2003:195) argued:

Capitalism means that societal power rests with capitalists, or more precisely, with those who control the means of production. *Democracy*, on the other hand, means that power belongs to the people.

Thus, democratic capitalism signifies a partial transfer of power from capitalists to the people. How this is achieved depends on political pragmatism, power balances, and socio-cultural conditions.

In Norway, much like other countries in the Global North, this balance was historically maintained through the class compromise

of the 1930s. Strengthened by the growing labour movement, this compromise ensured workers received a fair share of economic productivity, social security through the welfare state, and democratic control over national common goods such as electricity, railways, broadcasting, and schools. If Norway embodied democratic capitalism more fully than many other nations, this can be attributed to its socio-cultural history. Unlike many industrialised countries, Norway in the 19th century lacked a dominant capitalist class. Industrialisation was largely driven by strategic decisions made by political elites, who were themselves shaped by Norway's long struggle for national independence. This cultivated democratic sentiments among a diverse set of leaders, civil servants, local entrepreneurs, farmers, and cultural elites.

After a period of intense class struggle in the 1920s, democratic-minded sections of the capitalist class and political elites accepted a compromise: collective bargaining and shared rules of negotiation with labour unions. Following five years of German occupation, the national unity that emerged from the war, coupled with broad political agreement on post-war economic recovery, laid the foundations for what Sejersted (2011) called Norway's 'social democratic hegemony' from the 1950s to the 1970s.

The socio-cultural foundations of democratic capitalism

The success of democratic capitalism in Norway rested on a social fabric woven throughout the early 20th century. The class compromise of the 1930s and the solidarity forged during and after the Second World War fostered mutual recognition across social and cultural divides (Olsen, 2018). Crucially, integration into this democratic system was not limited to the working classes. Employers and capital representatives were also socialised into institutional practices where negotiation and cooperation became the norm for resolving conflicts.

Additionally, workplace dynamics shifted significantly during this period. Growing recognition of workers' skills and their participation

in organisational development, combined with rising wages, welfare provisions, and social security, contributed to what historians have called a 'silent revolution' in workers' self-perception (Olstad, 1991). This transformation was vital: it reinforced social equality, individual independence, and self-respect, key pillars of sustaining a democratic society (Olsen, 2018:198).

The decline of democratic capitalism

Yet, despite its success, this regime has experienced a deep and lasting crisis over the past 40 years. The same crisis has been experienced across the Global North in various forms of welfare capitalism, highlighting the inherent tensions in what Streeck (2014) calls the 'ill-suited marriage' between democracy and capitalism. Initially, the crisis was attributed to globalisation, which saw economic actors abandoning local commitments, relocating industries to low-cost countries, and increasingly engaging in financial speculation. This erosion of national economic control was already being described in the 1990s as an 'assault on democracy and welfare' (Martin & Schumann, 1996). However, deeper analyses soon emerged. Drawing on Rosa Luxemburg's theories of accumulation, scholars such as Harvey (2003) and Dörre (2009) highlighted capitalism's relentless need for expansion through accumulation by dispossession and *Landnahme* (land-grabbing). The neoliberal revolution, which swept through international and national political-economic institutions (from the International Monetary Fund (IMF) and the World Bank to Norway's own financial and political elites), provided the ideological justification for this expansion.

Neoliberal capitalism did not merely seek new markets in post-colonial states or former Cold War territories. It turned public infrastructure, services, and common goods into commodities, opening new arenas for capitalist accumulation. By the 1980s and 1990s, power had shifted decisively back into the hands of capitalists. While protests erupted when profitable industries were shut down and jobs outsourced for greater shareholder returns, workers had little

recourse. These decisions were legally sanctioned, and political leaders insisted that “there were no alternatives”. Neoliberalism’s only promise was that some of the resulting economic growth would trickle down, a promise that, in some cases, was temporarily fulfilled. In Norway, for example, declining democratic power and rising social insecurity were offset by cheap credit, soaring consumption, and widening income and wealth disparities.

This period has been described as ‘post-democracy’ (Crouch, 2004) and ‘post-politics’ (Hochuli et al., 2021), emphasising how democratic institutions became dominated by technocratic elites trained in neoliberal ideology. Wendy Brown’s *Undoing the Demos* (2016) captures this transformation powerfully, noting that neoliberalism has systematically dismantled the fundamental elements of democracy, including its language, principles of justice, civic habits, and collective imagination. A demos without these capacities cannot rule itself, an observation crucial to understanding neoliberalism’s political trajectory.

The return of politics but not democracy

The end of the post-political era did not mark a revival of democracy but rather the rise of anti-politics (Hochuli et al., 2021). This shift unfolded in two stages, both devoid of democratic leadership. The first act began with the financial crisis of 2008, when governments prioritised rescuing financial capital over protecting ordinary citizens. Hopes that this crisis would prompt a political reawakening, particularly in former social democratic nations, were quickly dashed. Popular movements demanding democratic power, such as those in Spain and Greece, were crushed by the IMF, the European Commission, and technocratic politicians across the European Union (EU). Neoliberal capitalism soon rebounded, generating record profits for financial, industrial, and digital capital while deepening social inequalities.

The second act, anti-politics, emerged in 2016 with a dramatic shift in the United States. Years of disappointment, economic insecurity, and disillusionment with political elites fuelled a reactionary movement. Rather than rallying around collective solutions or

democratic participation, large sections of the population placed their faith in a leader who offered an anti-democratic, right-wing agenda. Since then, this movement has only grown. In Europe, similar dynamics are at play. The far-right AfD's (*Alternative für Deutschland* [Alternative for Germany]) success in Germany's 2024 regional elections was celebrated by like-minded parties across the continent. While democrats despaired and analysts struggled to explain the shift, the global far right watched the 2024 US presidential election with confidence, knowing they were advancing on shared ground.

What went wrong with democracy?

The social disintegration and political realignment of recent decades have sparked urgent debates in political science and philosophy. In this volume, Martin Kronauer provides a comprehensive analysis based on his book, *Kritik der auseinanderdriftenden Gesellschaft* (2020), while Alf Gunvald Nilsen examines the global spread of authoritarian neoliberalism. Ultimately, we must ask: what is wrong with democracy? How is it that, in free elections, people increasingly vote for leaders who threaten democratic institutions? If democracy is to survive, it must be more than just a procedural exercise in voting; it must be rooted in a socio-cultural foundation that fosters genuine participation, economic security, and social recognition. The challenge ahead is not to revive democratic capitalism but to build a new democratic socialism, one that ensures power truly rests with the people.

How can democracy be (re)built?

The question 'What is wrong with democracy?' is the title of a book by Ketterer and Becker (2019), which presents the findings of a debate on this very issue. The discussion features three prominent German sociologists, Klaus Dörre, Stephan Lessenich, and Hartmut Rosa, alongside the distinguished American political philosopher Nancy Fraser. From the outset, it becomes evident that none of the four debaters view the problem as an inherent flaw of democracy itself,

but rather as a consequence of capitalism, specifically, how global neoliberal capitalism has eroded democratic governance at all levels of society. While their critiques of capitalism vary, they all agree on this fundamental point. For the purpose of this chapter, however, their responses to a second question prove particularly compelling: “How can a sustainable democracy be rebuilt or restored?”.

Klaus Dörre contends that the objective should not be the restoration of social democracy or democratic capitalism, but rather the development of a ‘transformative socio-ecological democracy’. He argues that such a transformation is impossible without addressing the issue of property rights. The private ownership of the means of production, which increasingly encroaches upon common resources, lies at the heart of capitalism and must be abolished if democracy is to prevail. Therefore, he asserts, the answer is democratic socialism, not democratic capitalism, a position he reiterates in other works. Nancy Fraser takes a similar stance, focusing on the structural conditions required for democracy and advocating for new institutional mechanisms to regulate global capital.

Stephan Lessenich and Hartmut Rosa approach the issue from a different perspective. While acknowledging the significance of social and institutional conditions for popular sovereignty, they concentrate on the socio-cultural prerequisites of democracy. Drawing on his book, *Living Well at Others’ Expense* (2019), Lessenich argues that democracy requires the emergence of ‘new democratic subjectivities’, a shift in people’s experiences, understandings, and mentalities that fosters responsibility for progressive, inclusive, and sustainable gender, environmental, and global relations. Rosa, on the other hand, bases his response on his resonance theory. As Ketterer and Becker summarise (2019:12, my translation): “According to Rosa, democratic collectivity (*Gemeinwesen*) is not constituted by shared values, but by relations of resonance among its citizens. In a successful democracy, the collective spirit (*Gemeinsinn*) and the common good (*Gemeinwohl*) are mutually reinforcing conditions”.

I do not conceal the fact that my personal position aligns most closely with Dörre’s. The capitalist paradigm of economic growth,

its foundational principle of private property over the means of production, and its relentless appropriation of common goods and the fruits of people's labour are fundamentally incompatible with democratic solutions to today's global socio-ecological crises. Democratic socialism is necessary. Yet the pressing question remains: why do most people not see it this way? Not only do they reject socialism outright, but many also venerate capitalists and billionaires who support right-wing politicians intent on slashing taxes and dismantling public oversight. When Elon Musk jubilantly celebrated Trump and pledged a million dollars to those who could secure extra votes for him, why did people not ask: where does that money come from? What entitles Musk to such vast wealth, derived from the labour of millions across the world, labour performed by workers denied the right to organise? How is it that one of the most notorious union-busters is also a close ally of the US president, who, in turn, is poised to reshape the state in service of private capital? And so on.

There are no simple answers. Among those voting for anti-social and anti-democratic politicians, we find trade union members, community volunteers, kind-hearted neighbours, people with a strong sense of solidarity, and those who dream of a more just society. Even individuals who believe in redistributing wealth and fighting injustice. The situation is, therefore, highly complex. However, studies on right-wing voting among the working class suggest that these choices are often driven by frustration and anger, born of being ignored by mainstream politics, of not being acknowledged in political discourse, and of feeling invisible to the elites who shape their lives. They rebel against those whom they perceive as looking down on them. From Rosa's perspective, we might say that the root of political polarisation is the lack of resonance, a disconnect between large segments of the population and the elites who govern them. These voters do not experience a fair share of wealth (*Gemeinwohl*) nor do they feel recognised for their identity and contributions (*Gemeinsinn*).

The issues raised by Lessenich and Rosa, the role of democratic subjectivity and collectivity, remind us of key elements in the socio-cultural foundation of Norway's 'social-democratic hegemony' in the

1960s and 1970s. At that time, the expansion of material and social security, coupled with a growing sense of mutual recognition and equal worth, provided the foundation for a form of democratic capitalism. Today, however, that foundation has crumbled. A new one must be built.

What is required, we might say, is the reconstruction of the demos. A new political vocabulary, fresh principles of justice, revitalised political cultures, new habits of citizenship, and, above all, renewed ‘democratic imaginaries’ (Wendy Brown) must be developed, imaginaries that transcend the limits of capitalism. Principles of justice and citizenship and new political subjectivities must be capable of fostering collective decision-making over common resources, production, and distribution. For this is the essence of democracy: ensuring that all people have a role in shaping the rules that govern the shared conditions of life (Castoriadis, 1997; Honneth, 2014, 2023a; Wagner, 2016).

History has demonstrated that democracy flourishes where people are free to participate, not only through formal political and individual freedoms, but also through social and cultural freedoms. It has shown that genuine democracy is rooted in a society where large disparities between the haves and have-nots do not exist, where individual and collective autonomy prevail. A truly democratic imaginary, as Marx and Engels put it in 1848, emerges in a society “in which the free development of each is the condition for the free development of all”. The question remains: how can a socio-cultural foundation for democratic socialism be built? Where should we begin? What practical steps can be taken? And perhaps most crucially, what kind of social collectivity can drive the mobilisation needed to bring about such transformation?

Widening the mandate of the labour movement

The organised working class, with its trade unions and broader labour movement, was once a formidable social force behind the development of democratic capitalism. Over time, however, it has lost much of its strength. Nevertheless, while social democratic parties in the Global

North continue to struggle and the radical left remains largely on the margins, efforts to organise unions, resist exploitative labour practices, and launch strikes persist. Networks of radical unions are expanding.

Despite its diminished power, I argue that the labour movement remains a crucial arena for collective action in pursuit of social security and equality, as well as for fostering democratic participation. Indeed, trade unions offer a uniquely significant space for democratic engagement. Traditionally, unions have activated their members through political education, collective decision-making, and participation in union operations. This role remains essential today. However, I wish to highlight another critical aspect: trade unions bring together individuals engaged in the most central social practice of their lives, aside from family and personal relationships, namely, work.

Work is not merely a means of securing income and social protection. It is also, in its best form, a site for creativity, self-development, and social recognition. Thus, unions must organise and campaign not only for fair working conditions, but also for meaningful and fulfilling work. The struggle along these two dimensions, material conditions and the quality of work itself, helps cultivate democratic agency. In the workplace, people can experience the necessity, utility, and rewards of solidarity, formed through collective discussions and shared action in pursuit of common interests. Furthermore, they can gain a sense of pride in doing a good job, completing tasks with excellence, and contributing to a broader community. These experiences foster personal growth, self-worth, and a deeper sense of self-determination – qualities essential for democratic participation.

Historically, trade unions have prioritised the economic interests of workers as labourers, often neglecting their interests as producers. This is not to say the latter concern has been entirely absent. For artisans and those in skilled trades, professional pride has always been integral to their collective identity. However, I argue that today, unions must incorporate this dimension across all sectors of working life. Doing so would provide a broader foundation for new socio-cultural conditions

that support democracy, in the workplace and in society at large. The second part of this chapter will explore this argument further.

Democratisation from below

The idea that workplace participation and experience can lay the groundwork for democratic subjectivity and capacity is well established. Thinkers such as Marx, Durkheim, and Dewey have long advanced this argument. Here, I will engage with contemporary contributions to this discourse.

German industrial sociology has been particularly influential in highlighting workplace conditions that hinder autonomy and meaningful participation. During the 1980s, there was optimism surrounding ‘postmodern’ management strategies, which introduced new production concepts and flexible specialisation, ostensibly requiring highly skilled and autonomous workers (Kern & Schumann, 1984; Piore & Sabel, 1984). However, research soon revealed that the so-called “new capitalism” sought to “have its cake and eat it too” (Schumann, 2000). What initially appeared to be an opportunity for autonomy and personal growth quickly devolved into a system that exploited workers’ full range of subjective capacities for capitalist gain. De-hierarchisation and decentralisation, rather than empowering workers, became frameworks for intensified surveillance and control.

At the same time, the resurgence of ‘the social question’ and the rise of precarious employment became stark realities in the Global North. In response, critical industrial sociology increasingly recognised the need to connect the study of work with a broader critique of capitalism, a perspective that gained even more traction following the 2008 financial crisis.

In 2012, scholars from leading centres of labour sociology convened in Jena to discuss how the discipline could benefit from a more explicit critique of capitalism. Their discussions culminated in the publication of *Capitalism and Labour: Towards Critical Perspectives* (Dörre et al., 2018). The editors argued for a multi-level critique, contending

that it is insufficient to analyse capitalism solely at the systemic or institutional level. Instead, scholars must also examine its impact on everyday life, at work and beyond, and explore the interconnections among these different levels of analysis.

They further emphasised the importance of studying all forms of work, not just ‘productive’ or waged labour, but also the full spectrum of reproductive and care work within socio-economic systems. The book offers a range of approaches for integrating capitalism critique into labour sociology and vice versa. It includes contributions focused on economic and political structures, as well as discussions on social and cultural aspects, subjectivity, and the legitimization of work under capitalism.

For our discussion, I draw particular attention to the editors’ concluding reflections on critical perspectives. They observed a growing sense of frustration with capitalism’s effects, yet also noted that much of this discontent manifests as a critique “with no place to go” (Dörre et al., 2018:418). In some cases, these frustrations translate into forms of “exclusive, competitive solidarity”, which distinguish between “us” and “those below” in increasingly aggressive ways (Dörre et al., 2018:419), a dynamic already exploited by right-wing populist parties such as Germany’s AfD. Others respond through individual coping strategies, seeking personal solutions to systemic problems.

Meanwhile, trade unions struggle to provide workers with responses that feel relevant and effective. The editors argue that sociology must play a role in addressing this challenge. To do so, the discipline must continue its tradition of rigorous analysis and detailed descriptions of the contradictions and paradoxes confronting workers, whether in the workplace, in companies, or in society more broadly (Dörre et al., 2018:419). The sociological critique of capitalism should not only document the erosion of social security and labour rights, but also empower individuals, workplace collectives, and trade unions to resist these trends.

Beyond defensive or pragmatic critiques, however, a more radical critique is necessary, one that interrogates capitalism as a specific

mode of organising the economy, politics, and society (Dörre et al., 2018:421). Such a critique must go beyond piecemeal reforms and instead challenge the system itself.

A critical obstacle, the editors note, is distinguishing between social movements that genuinely advance democratic and emancipatory goals and those that ultimately lead to reactionary or authoritarian solutions. In addressing this, they draw on Erik Olin Wright's argument that the key criterion should be the extent to which movements advance the democratisation of all social relations, including those within the workplace. They also highlight German scholars exploring the potential for a "new economic democracy" (*Neue Wirtschaftsdemokratie*) (Dörre et al., 2018:421).

Their conclusion is striking: while the principle that all individuals should have equal rights to shape their economic, political, and social lives may seem self-evident, under current conditions, 'equality and democratisation' can serve as a rallying cry against both right-wing exclusionary politics and the destabilising inequalities of contemporary capitalism. The response to disempowerment and authoritarian populism, they argue, must be the radical democratisation of all social relations, with workplace democracy playing a particularly vital role. Yet, the question remains: how can this be achieved?

Venture more economic democracy

Some answers to this issue had already been suggested by a group of scholars who reached similar conclusions, as mentioned earlier. Their arguments were presented in a book with the telling title: *Mehr Wirtschaftsdemokratie wagen* (*Venture More Economic Democracy*) (Meine et al., 2011). This book was based on a seminar featuring contributions from a broad spectrum of trade union representatives, alongside a few academic scholars, and was published by VSA Verlag. Two of the scholars involved were Oskar Negt and Michael Schumann, both of whom have long held prominence in the sociological study of work and democracy (note: I have translated the German citations from Negt

and Schumann/Detje). They also played significant roles in shaping intellectual discourse within the German trade union community. In the 1970s, both were engaged in discussions on co-determination and workplace participation. In the 1980s, Schumann became a leading advocate for new production concepts, which were seen as a potential foundation for more democratic workplace relations. However, as mentioned earlier, these hopes gradually faded in the 1990s. For both scholars, the 2008 financial crisis dispelled any remaining doubts about the need for a radical critique of capitalism and a call for genuine economic democracy.

Negt's perspective is rooted in deep resentment towards financial capitalism. He argues that, after illegally siphoning off enormous wealth from global markets and triggering a severe crisis, financial institutions were rescued with public funds – amounting to what he calls a “successful coup d'état and expropriation of those who, as paid labour, contribute to economic growth and provide tax revenues” (Negt, 2011:7). His frustration is further fuelled by the actions of undemocratic institutions such as the EU Commission and the IMF, which, he contends, have forced democratic states to privatise large sections of public assets and dismantle social welfare provisions. Meanwhile, social elites treat those in need with “despicable arrogance” (Negt, 2011:8), while politicians circulate within lobbying circles, pursuing future career prospects rather than addressing public concerns.

Negt highlights that 83 per cent of the German population believes “social equity” is fundamental to a peaceful and cohesive society (Negt, 2011:8), yet 68 per cent feel that politicians pay too little attention to ordinary people's concerns. Given this, he argues, it is unsurprising that trust in political parties is eroding and confidence in democratic institutions is weakening.

Negt's (2011:9) position is clear: participation in elections alone constitutes only a “half democracy. The only way to sustain a democratic system is to pursue the consistent democratisation of all areas of life”. In the world today, he asserts, expanding democracy

must necessarily mean expanding economic democracy. This implies that “citizens must have a stake in the products of their own labour” (Negt, 2011:9). Drawing on Karl Polanyi’s thesis on the destructive impact of disembedded markets, Negt argues that without substantial economic democracy, civil society itself is at risk of disintegration.

While he does not prescribe a definitive blueprint for democratic processes and institutions, he suggests revisiting the socialist tradition of workers’ councils and the cooperative model for production, consumption, and housing. However, he does offer a fundamental principle for any democratic institution to function effectively: “Democracy is the only political system that must be learned so that its participants develop the capacity for political judgement” (Negt, 2011:10). He insists that this learning must occur through “practical engagement in solidarity and cooperative co-determination across all areas of life”. Without such experiential learning, democracy is doomed to fail. “Only as a lived experience can democracy have a future” (Negt, 2011:10).

Negt’s argument is deeply informed by his lifelong engagement with theories of learning, political socialisation, and the intrinsic link between human dignity and decent work. In 2004, he advised trade unions to extend their political mandate beyond the workplace, engaging more broadly with people’s fundamental living conditions (Negt, 2004). Michael Schumann, a close friend of Negt since their joint trade union projects in the early 1960s (Wittemann, 1994), contributed to the VSA volume drawing on five decades of empirical research into work and labour in Germany. Alongside Richard Detje, editor of the journal *Sozialismus*, Schumann advocates for a democratisation of the economy from below, a fresh approach to systemic critique (Schumann & Detje, 2011).

Analysing the post-democratic character of neoliberalism, the legitimacy crisis exposed in 2008, and the widespread sense of political powerlessness, they reject the idea of restoring the social market economy. They argue that “at a time when systemic responses to existential threats are required, the social market economy is an outdated concept” (Schumann & Detje, 2011:73). Since this model

lacked safeguards against the neoliberal turn and its consequences, they see little point in relying on it for the future.

Instead, they call for a radical expansion of economic democracy, advocating for direct representation and influence at all levels of the company and across all aspects of production. Drawing on Aglietta and Rebérioux (2005), they reject the old Fordist compromise, where management controlled production while economic democracy was reduced to securing social rights. They insist that “democracy must encompass the entire enterprise”, fostering a collective interest that legitimises its economic activities (Schumann & Detje, 2011:76). This collective interest, they argue, must be rooted in the entire workforce.

Schumann and Detje acknowledge the challenges this poses for workers’ representatives. Decisions about production are not purely economic; they also involve societal, environmental, and ethical considerations. However, they argue that individual and collective capacities for addressing these challenges must be developed. Crucially, they contend that change must start from the shop floor. “The opportunity to shape one’s work remains a central issue” (Schumann & Detje, 2011:72). This is not about collaboration for the sake of corporate competitiveness, as seen in the 1980s and 1990s. Rather, it is about enabling workers to develop through self-determination. Creativity, flexibility, independence, and responsibility should not be mere instruments of managerial strategy but should thrive under conditions of autonomy. These, they argue, are the fundamental building blocks of a new model of economic democracy (Schumann & Detje, 2011:81).

This model, they assert, requires mobilisation from below. “It is about a new concept of representation within the firm and on the shop floor” (Schumann & Detje, 2011:81). Rather than relying solely on representative structures, there must be a stronger emphasis on self-representation. This does not mean abolishing representative institutions like the *Betriebsrat* (works councils) in Germany. However, Schumann and Detje warn that these structures often lead representatives to become co-managers, distancing them from those they represent. To counteract this, they advocate revitalising representative structures by

fostering self-representation – encouraging initiative, self-responsibility, and direct participation. They argue that without a strong connection to the workforce, representatives achieve little or even make decisions that workers do not support. “With self-aware, critical, and proactive colleagues, representation functions far more effectively” (Schumann & Detje, 2011:82).

Thus, Schumann and Detje conclude that co-determination must have a dual structure: combining self-determination and revitalised representative mechanisms. Based on this foundation, a broader democratisation of the economy and society can emerge. They suggest that the self-activation cultivated through workplace participation can inspire new ideas and perspectives for shaping society beyond the workplace (Schumann & Detje, 2011:83). These proposals by Negt, Schumann, and Detje build on a strong tradition of sociological thought on work. In their current form, they represent a radical critique of capitalism, arguing that democracy must extend beyond the core principles of capitalism. Their contributions provide concrete strategies for expanding democratic participation by fostering learning processes and enabling individuals to develop as self-determining participants in work and society. Their arguments are particularly compelling in emphasising workers’ experiences as a foundation for democratic engagement. They also align well with perspectives on societal solidarity and the power dynamics within trade union movements. To illustrate, I will briefly mention two key ideas in this regard.

Conditions for solidarity and labour resistance

The first perspective arises from a review of debates within the German academic left on whether the working class in the Global North still represents a potential force for social transformation. In his analysis, Martin Kronauer (2018) expresses scepticism, citing three key concerns: (1) the rise of nationalist and xenophobic sentiments, (2) the widening gap between the political leadership of the labour movement and the working class, and (3) the risk that workers in the North have internalised an “imperial mode of living”, leading

them to defend their relative privileges, which are based on the social and ecological exploitation of the Global South (Kronauer, 2018:2). While these are important points that merit further discussion, Kronauer's concluding remarks are of particular relevance to our theme. He advocates the possibility of a broad alliance spanning the hierarchy of the working and middle classes in a shared struggle for self-determination – historically, a core objective of any emancipatory movement. He argues that “self-determination fundamentally requires protection from markets and democratic control over capital” (Kronauer, 2018:12). Even for members of the wage-dependent middle class, flexibility becomes a burden rather than a choice when dictated by employers; self-determination, in this context, proves to be an illusion, as individuals find themselves increasingly dependent on market forces (Kronauer, 2018:12). The crucial point here is that grassroots democratic mobilisation has the potential to unite people across social divisions.

The second perspective draws from the extensive literature on the conditions for trade union organising and collective action within the international labour movement. A dominant strand in these studies has focused on the various power resources available to workers in their struggles, particularly structural and associative power. However, some studies move beyond the notion of power as a pre-existing resource that can simply be harnessed if workers possess sufficient awareness or effective framing strategies. Instead, they ask a more fundamental question: what compels workers to engage in collective resistance? What sparks their willingness to organise, act together, and defend shared interests?

A compelling example of this approach is the study *Working for Respect: Community and Conflict at Walmart* by Adam Reich and Peter Bearman (2018). As the title suggests, their research highlights how Walmart workers, despite their precarious employment, react with indignation and anger towards the arbitrary and intrusive behaviour of local and middle management. Low wages, while acknowledged as unfair, are perceived as an external reality beyond their influence. It is the experience of surveillance and managerial caprice that triggers

resistance and a desire to organise. Similar conclusions emerge from earlier studies, such as Rick Fantasia's *Cultures of Solidarity* (1989), based on working-class struggles in 1980s America, and Bridget Kenny's *Retail Worker Politics, Race and Consumption in South Africa* (2018).

These studies underscore that the struggle for autonomy and self-determination is a fundamental concern for workers across all industries and levels of labour stratification. This struggle not only fuels resentment, which can serve as the basis for unionisation and collective resistance, but also plays a crucial role in fostering workers' self-representation and self-activation, key elements in democratising workplace relations.

However, these studies also highlight an aspect of political learning and subjectivity formation that Negt, Schumann, and Detje do not explicitly address: the role of workplace collectivity. The research demonstrates that a critical precondition for collective resistance is the existence of meaningful social relations within the workplace. Yet, not all forms of social connection are sufficient; casual friendships alone do not necessarily translate into mobilisation. Rather, collective action depends on the presence of moral obligations among key initiators and organisers within the workplace community. In other words, successful mobilisation requires capacities of self-representation and individual initiative. Having examined the conditions for a new worker subjectivity, we must now turn to the question of collectivity, demonstrating, as I will argue, that these two perspectives are inherently intertwined.

Collectivity at work

If the capacity for self-representation and the willingness to engage in democratic participation develop through meaningful work in an environment of autonomy and self-determination, then a primary task of trade unions must be to foster both meaningful work and workers' autonomy. As argued, these ideas are central to Axel Honneth's "normative theory of work" (2023b). He reminds us that the concept of meaningful work is one of the classical origins of the critique of alienated

labour under capitalism. Following the tradition of the young Marx, he summarises, with reference to Andrea Veltman (2016), that meaningful work is that which develops and fulfils workers' skills, capacities, and talents; supports personal virtues such as pride, honour, and dignity; produces something useful or practical; and becomes an integral part of workers' lives through the formation of personal relationships.

The idea of autonomy, Honneth continues, represents a second paradigm of critique, directed at the restrictions and surveillance imposed on labour under capitalist heteronomy. Drawing on contemporary political philosophy, he gives particular credit to Elisabeth Anderson and her study, on *Private Government* (2017), for its contribution to this theme.

Both of these critiques, the call for meaningful work and autonomy, are well represented and extensively developed in the sociology of work, as previously discussed. The third paradigmatic critique Honneth examines, however, is what he considers the most fruitful: the democratic paradigm. This perspective aligns closely with what we have explored as economic democracy from below. Honneth argues that work is not well-organised, falling short of what the United Nations (UN) defines as "decent work", if it obstructs rather than strengthens citizens' participation in the "political formation of common will" (Honneth, 2023b:42). This highlights the necessity of good working conditions, not only in terms of job content and opportunities for self-determination but also regarding income, contractual security, and working hours. Echoing the radical critique of capitalism, Honneth asserts that democracy cannot exist within a disembedded capitalist labour market, where workers remain dependent on precarious employment. Advocates of economic democracy from a radical perspective argue that simply demanding fair labour conditions and social equality is insufficient, although these remain crucial struggles. Unions must go further, extending their demands to include the right of co-determination over what is produced and how production is organised, thus directly challenging managerial prerogative.

Up to this point, Honneth's work does not substantially alter the established contours of the debate. Yet his engagement with

what he terms the ‘democratic paradigm’ does yield two significant contributions. The first is theoretical, centred on his reworking of recognition as a precondition for democratic participation. The second is institutional, where he highlights the crucial role of skill formation systems in enabling individuals to exercise meaningful agency within the economy and democratic life. Honneth has previously engaged extensively in theoretical studies of recognition as an intersubjective process that forms the foundation for self-confidence, self-esteem, and self-worth, drawing on Hegel and George Herbert Mead (Honneth, 1995). This work has contributed not only to theories of socialisation and identity formation but also to his study of democracy and social freedom (Honneth, 2014). In his continuation of this broad inquiry, he has turned his focus to what he considers a “blind spot in political philosophy” (Honneth, 2023a): the ways in which the division of labour and people’s experiences at work shape the conditions for democracy.

In his 2023 article, *“Democracy and the Division of Labour”*, Honneth draws heavily on Hegel, Marx, and Durkheim. From the latter two, he references their argument that social integration occurs through “acknowledgement of mutual dependency and thus [...] a feeling of common belonging” in societies with a high degree of division of labour (Honneth, 2023a:145). Despite his critique of capitalist labour structures, Honneth notes that Marx maintained the view that “only through participation in forms of social cooperation, that is, only through the experience of working for each other, can we acquire an understanding of ourselves as members of a social community” (Honneth, 2023a:145). He argues that this remains a crucial condition for social integration. A further condition is found in Hegel’s ideas of recognition, from whom, Honneth states, we inherit the modern understanding that “active participation in the division of labour gives every citizen the opportunity to develop the feeling of being publicly recognised, and thus a sense of their own self-worth” (Honneth, 2023a:145).

Honneth expands this argument with reference to empirical studies demonstrating that participation in paid work has become essential for psychological wellbeing in modern culture, reinforcing

Hegel's thesis that "we achieve a consciousness of our own self-worth in and through our socially recognised contribution to the division of labour" (Honneth, 2023a:146). These arguments underscore the importance of 'decent work' (to use the UN's terminology) for social integration. However, Honneth acknowledges that they do not fully explain why decent work should foster individuals' willingness and capacity to participate in democratic decision-making processes (Honneth, 2023a:146). He attempts to answer this through what he calls a "shared intuition", asserting that most people would agree with the proposition that "the slimmer the opportunities for having a say in the shape of one's work, the lower one's primary income, and the worse the reputation of the work in question, the weaker the individual's faith in their own political efficacy" (Honneth, 2023a:146). On this point, Honneth cites sociological studies for support.

A central reference, on which Honneth also draws extensively in his book *Der arbeitende Souverän* (2023b), is Carole Pateman's *Participation and Democratic Theory* (1970), a seminal study on participatory democracy. Through a systematic discussion of democratic participation in the workplace, industry, and Yugoslavia's self-management structures, Pateman concludes that "the lesser one's say in the workplace and the less challenging the tasks defining the occupation, the weaker one's faith in one's own political efficacy" (Honneth, 2023a:147). Based on these findings, Honneth asserts that "the more members of a society have the chance to pursue complex tasks in secure workplaces where they can co-determine the character, organisation, and goals of their work, the greater will be the degree of political participation in democratic processes" (Honneth, 2023a:147).

When considering strategies to lay the groundwork for decent work, Honneth explores several possibilities, from task enrichment to self-governing teamwork, approaches well known from past projects in "work development" and "innovative labour politics". A more radical option aligns with Pateman (1970) and others who advocate organising work through employee-run, self-governing collectives or even through mandatory public service for specific age cohorts (Honneth,

2023a:157). Despite their diverse origins, these proposals resemble Oskar Negt's vision of workers' councils for self-management.

While Honneth's discussion largely aligns with established themes in the sociology of work, his particular contribution lies in highlighting the potential of recognition and the development of self-worth through work experiences. However, it is striking that he does not delve deeper into the role of recognition in the processes of socialisation and learning in the workplace. This omission is surprising given the theoretical threads already present in his work. Not only does he engage with Hegel and Marx, but also with Durkheim, John Dewey, and G.D.H. Cole, figures whose contributions relate not only to fulfilling and autonomous work as sources of self-worth, honour, and pride, but also to the institutional conditions necessary for these processes to take place. They are among the foremost theorists of socialisation, education, and collective skill formation.

Honneth does touch on this theme, but primarily from the perspective of education and its role in the democratic public sphere. Drawing on Durkheim, Dewey, and Kant, he highlights how professional skills, civic competence, and moral principles are not merely tools for securing an income but are instead "generalised media of social recognition" (Honneth, 2023a:134). Kant, in Honneth's interpretation, argues that individuals become aware of their own worth through pedagogical processes that instil technical skills and civic knowledge.

This argument reinforces the importance of social interaction in learning and self-development. It also prompts crucial questions about the social environment of the workplace: what forms of collectivity do individuals experience at work? What community relations foster self-worth? And how can workplace communities provide a foundation for learning democracy and cultivating a new form of democratic subjectivity among workers? The final section of this chapter will address these questions and explore why trade unions should actively engage in skill formation.

For a new economic democracy: Why trade unions should engage with skills

To suggest that trade unions ‘should care’ about skills development implies that they currently do not, which, in many cases, is true, both in Norway and elsewhere. As previously noted, unions have traditionally focused on issues directly linked to the employment contract, such as job security, wages, and working hours. While these concerns are undoubtedly important, they have often come at the expense of addressing workers’ interests as *producers*.

One compelling reason for unions to prioritise skills development is that qualifications serve as valuable assets in negotiating employment terms, both at the individual level and within collective wage agreements. The longstanding division between skilled and unskilled labour is a reflection of this reality, for better or worse. Historically, groups of skilled workers have at times displayed exclusionary attitudes and pursued sectoral interests, as evidenced in the history of the labour movement. However, this is by no means an inevitability. There are notable examples of strong, skill-based unions leading the charge in national and international solidarity efforts.

A second, and arguably more fundamental, reason is that skills are essential for fostering workplace autonomy and self-determination – both of which are critical for workplace democracy. Moreover, meaningful work is contingent on skills and how work is organised, as previously discussed in relation to the cultivation of democratic subjectivities. Two empirical examples serve to illustrate this point.

The role of skills in workplace democracy

In the 1960s, Norwegian industry saw attempts to introduce job enlargement and semi-autonomous work teams through union–employer cooperation. The unions’ motivation was to expand workplace democracy. While some early successes garnered enthusiastic worker

support, these efforts ultimately faded. A key reason for this failure was a lack of qualifications among the workforce. Training programmes were introduced in the specific workshops involved, but these ad hoc initiatives proved insufficient for broader implementation. My research from the late 1980s concluded that workers, not only those on the shop floor but also their foremen, lacked the technical expertise and the social and psychological readiness for a system that required a high degree of responsibility for the production process. The prevailing work culture was built around fixed tasks and routines, which made the transition to a more autonomous work organisation difficult.

Fast forward two decades, and the landscape had changed significantly. In the 1970s and early 1980s, the chemical process industry, one of the sectors involved in the earlier experiments, launched a national apprenticeship programme and training scheme for production workers. By the mid-1980s, a new category of skilled workers had emerged, not just in name but in reality. These workers were independent, knowledgeable, and confident, taking full responsibility for production processes and product quality. Crucially, they wanted this responsibility, and they were given it. Meaningful work and workplace autonomy were achieved through systematic skills development. Furthermore, trade union representatives, industry personnel, and local educators collaborated to establish a national network of institutions dedicated to developing the new occupational trade. This last point also illustrates the potential of trade-based skills formation, particularly through apprenticeship systems to embed a moral economy and foster long-term employer commitment.

The limits of organisational development without skills

A contrasting example can be found in the national agreements between trade unions and employers in the 1990s, which sought to promote 'organisational development'. While this initiative was framed as an extension of workplace democracy, in practice, it became more focused on productivity improvements. These projects, spanning various manufacturing and service industries,

were overseen by local steering committees composed of union representatives, researchers, and employers. However, my analysis of project reports revealed a crucial oversight: none of these initiatives incorporated the principles or practices of the apprenticeship system or skilled worker training. The labour representatives involved focused on workers' employment conditions but neglected their role as producers. Consequently, the organisational changes lacked a foundation in the interests and self-reliance of skilled workers. This not only undermined the long-term sustainability of the projects but also missed an opportunity to foster genuine workplace democracy from below. To borrow from Schumann and Detje, the first example demonstrates how socialisation into a well-institutionalised category of skilled workers can create a foundation for workplace autonomy and self-representation. The second example, by contrast, shows what happens when this opportunity is overlooked.

The wider significance of skills-based union politics

Expanding the discussion to the broader significance of becoming a skilled worker, it is clear that skilled occupations represent more than just technical proficiency. They constitute communities of knowledge and practice, which serve as a basis for social integration and collective identity. In their seminal study, *The Second Industrial Divide* (1984), Piore and Sabel highlight this collective dimension of skilled work:

Organisations based on flexible specialisation solve [their] problem by linking the acquisition of skill to acquisition of membership in the community of the skilled. Craft workers are bred, not born; and the formation of their identity as persons is bound up with their admittance into the groups of producers, on the one hand, and the mastery of productive knowledge, on the other. (Piore & Sabel, 1984:274)

This perspective resonates with anyone familiar with skilled trades, whether from direct experience or research. The knowledge and skills

that inform workplace decision-making are not purely individual assets; they are social constructs, shaped by learning within communities of producers. This principle applies to all forms of work. Productive knowledge, like all knowledge, is far more collective in nature than modern individualistic ideologies acknowledge. For trade unions, this raises a critical point: the more work is organised around occupational principles, where workers are trained and socialised within a recognised trade, linked to national education and training programmes, and where unions have a say in setting standards, the stronger the foundation for workplace democracy. In such systems, skilled workers are competent professionals and active participants in shaping their work environment.

Apprenticeship and the moral economy

The case for apprenticeship extends beyond skills development; it also fosters social cohesion and collective identity. Apprenticeship systems prioritise work-based learning, which numerous studies have shown to have significant advantages. Learners gain confidence, experience recognition, and develop pride in their work, factors that enhance motivation, encourage further learning, and cultivate self-esteem. More importantly, apprenticeship integrates individuals into a nationally recognised community of producers, reinforcing a sense of collective belonging. It also strengthens trade unions by grounding them in the collective interests of skilled workers, providing a power base and security for members.

A final, often underestimated, benefit is the potential for apprenticeship systems to foster moral commitments among employers. When companies share responsibility for long-term skills development, they build relationships with local schools, teachers, students, and communities. This can create obligations beyond mere economic transactions, fostering a form of moral economy (Thompson, 1971). While there is no guarantee that companies will always act in this way, just as unions do not always pursue solidaristic politics, examples from Norway demonstrate that such commitments can and

do emerge when skills formation is embedded in broader institutional frameworks (Olsen, 2015).

Of course, traditions of apprenticeship and institutionalised systems of craft-based training exist to highly varying degrees across contemporary labour markets. In many regions, they have never been established. I am not, therefore, advocating the ‘export’ of ready-made models of skill formation to contexts without the historical or institutional foundations on which such systems rest. However, the underlying principles, of collective forms of training, communities of skilled practice, and work organisation grounded in shared knowledge, can provide inspiration and guidance everywhere, I argue. Relatedly, based on a highly critical analysis of the ILO (his former employer), and what he viewed as its narrow “labourism” which ties workers to the mast of capitalist employment relations, Guy Standing proposed an alternative politics of work built around the idea of “occupational citizenship” (Standing, 2009). Unfortunately, Standing’s proposals have not, as far as I can see, generated the broader debates and policy development they warranted.

Conclusion

My own argument in this chapter may be summarised as follows: workers are not only labourers, they are also producers. As such, they should possess the capacity and the right to govern their own work. Skills are therefore the foundation of autonomy in the workplace, and autonomy is in turn the foundation of recognition and the development of self-worth, conditions essential to democratic participation in any society. Moreover, learning is embedded in social and cultural environments. Communities of knowledge and skill can thus provide crucial bases for social integration and the formation of collective identities. The development of high-quality skills, however, requires high-quality education and training, and trade unions should take an active role in securing and shaping such provision. After all, skills are among the most important power resources workers have, both in the labour market and within the organisation of production.

Knowledge and skill formation are therefore indispensable not only for decent work, but for sustainable and democratically grounded economic development.

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CHAPTER 3

FINANCIALISATION, DE-POLITICISING AND PUBLIC ADMINISTRATION: ON THE STATUS OF NORWEGIAN SOCIAL DEMOCRACY

Tomas H. Løding

Introduction

This chapter seeks to examine and disentangle the interconnected components of the ongoing neoliberalisation processes in Norway (Peck, 2010). Of particular interest is the relationship between ‘financialisation’ and ‘de-politisation’. The use of such terms to describe our case, a contemporary social democratic political economy, confronts us with something of a conundrum. Norway is often portrayed as an ideal type of social democracy characterised by the de-commodification of public goods as described by Esping-Andersen (1990). It is a country with vast financial resources, coordinated wage bargaining, and extensive welfare-state provisions. It is ranked as the most democratic country in the world by, among others, The Economist Intelligence Unit.¹ It should thus be a ‘least-likely’ case for scholars investigating the impacts of otherwise well-known international

1 <https://www.eiu.com/n/campaigns/democracy-index-2023/>

neoliberal trends and transformations. Yet, as shall be seen, Nordic social democracies are far from insulated from the havoc wreaked by neoliberalisation. In fact, Norway is a good case to demonstrate the relationship between, on the one hand, the societal intrusion of financial metrics, assetisation, and the implementation of financial forms of governance into public administration, and, on the other hand, the hollowing out of democratic parliamentary processes.

The chapter proceeds as follows: I will begin by briefly discussing the terminology and literature of financialisation and de-politicisation. I will then examine two separate but related areas of government policy: first, the management of Norway's hydropower resources and electric grid. Second, the government's political economic manoeuvring within the global push to facilitate further development of renewable energy and the transition to green industrial growth.

In the case of the former, the liberalisation of the electricity supply system was driven by the general critiques of government inefficiency in the early neoliberal period. It was advanced as a means to manage Norway's fragmented electric grid and a supply sector struggling with overinvestment. The result was a broad reorganisation of electric facilities that were formerly subject to local government democratic jurisdiction and now answer to (public) shareholders as limited companies. Public goods were thus abolished, and new financial assets created. The latter case is somewhat different and relates to how 'green' industrial policy was forged in the post-COVID-19 era. While introduced with great fanfare, green transition efforts do not entail, nor resemble, the activist vertical policies of the 1960s and 1980s (and one must admit, for good reason). In fact, the state does not see itself as the instigator of industrial ventures at all. Rather, it employs a set of financial instruments to absorb corporate investment risks and hence mobilise private capital to achieve 'green' societal goals.

Therefore, what we will see is that in both areas, processes of financialisation and de-politicisation have operated in tandem, mutually reinforcing one another. More precisely, as financialisation encroaches upon new social spheres, including the public sphere, de-politicisation is its cause and effect. A *cause* because delimiting the

reach of democratic processes from policy fields such as natural resource management and industrial policy has been an easy way, and an explicit goal, for politicians who seek to evade such issues as underlying distributional conflicts, policy failures, and macroeconomic restraints. An *effect* because it institutionally seals off ever larger parts of society from democratic participation and simultaneously hollows out the institutional capacity of governmental bodies to enact public policies. Neoliberalism's "economisation of everything" is, as Wendy Brown (2015) puts it, "undoing the demos".

Financialisation and the demise of democracy

The expansion of financial markets has become an important field of scholarly interest over the last 30 years. Under the analytical monocle of financialisation, or the "increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein, 2005:3), financial markets and their instruments, practices, and ways of thinking have been put centre stage for the analysis of contemporary neoliberal capitalism. Core findings in the field are that private capital accumulation is increasingly happening through financial channels (Krippner, 2005), and that shareholder value has become the dominant metric in corporate governance (Lazonick & O'Sullivan, 2000). In addition, actors once considered inimical to financial investment practices, such as households (Langley, 2008; Montgomerie, 2009) and – most importantly – *governments*, implement financial markets in their everyday affairs and governing strategies. In other words, for state administrators, "governing through financial markets" (Braun et al., 2018) has become a routine feature of contemporary statecraft (Fastenrath et al., 2017; Hardie, 2011; Lagna, 2016).

De-politicisation and de-democratisation

States henceforth begin to operate increasingly more like private corporate actors. But the opposite is also true, and as Prüggl and

True (2014) point out, this is an interesting feature of contemporary neoliberal globalisation, namely, corporations themselves have emerged as new actors in many longstanding political struggles. While business leaders were once suspicious of social policies that appeared to interfere with economic rationalities and capital accumulation, today they take on a series of political ‘soft issues’ such as gender equality and ‘green’ environmentalism in their self-branding. They behave as if they and their customers were political collectivities.

Such blurring of the lines between what is private and what is public – what are the hallmarks of political struggles and what are the outcomes of the private pursuit of profit – is indicative of a democratic process under deep distress. One strain of literature that has addressed this deficit in parliamentary processes centres on the notion of de-politicisation, a term that is meant to signify “the range of tools, mechanisms and institutions through which politicians can attempt to move to an indirect governing relationship and/or seek to persuade the demos that they can no longer be reasonably held responsible for a certain issue, policy field or specific decision” (Flinders & Buller, 2006:295). While the field contains other, more broad-based conceptualisations of the term (Wood, 2016), I use the above definition here. De-politicisation is a mode of politics – a form of statecraft – that seeks to deflect blame for policy failures away from political bodies through various institutional rearrangements. Those can entail delegating decision-making to technocratic arm’s-length bodies, restraining said political bodies’ discretion through the creation of strict rules (e.g. spending), or reigning in what is considered politically possible through discursive manoeuvres (Burnham, 2001).

So, how do financialisation and de-politicisation coincide? Greta Krippner (2011) has argued that the financialisation of the US economy was the partly unintended outcome of piecemeal reforms whereby the US political system attempted to tackle a series of political, social, and economic problems that emerged as the post-Second World War economic boom came to an end in the 1970s and 1980s. Below, I will discuss the intersection between financialisation and de-politicisation in Norway as a similar phenomenon, even if the empirical tracing of politicians’ motivations falls outside the scope of this chapter.

Norwegian neoliberalism I: The marketisation of electricity supply

In the summer of 1990, something strange happened in Norway. The Norwegian parliament – Stortinget – enacted a comprehensive liberalisation and marketisation of the entire electricity supply. The country suddenly became a “hotbed for market reform” (Olsen, 2000:1), and the Norwegian population went from being purchasers of electricity within politically defined supply areas to becoming price-conscious consumers; market players looking for marginal savings in what was to become a Nordic electricity market. Prior to this, electricity supply had been governed by a regulatory regime which ensured significant state and municipal control over the country’s vast hydropower resources. This regime considered hydropower-based electricity supply a ‘public good’, whose development and utilisation were to be determined by democratically elected public bodies in cooperation with Norway’s technocratic civil service (Løding, 2017). It was basically divided into two: on the one hand, a ‘small-scale model’, where conditions were created for municipal development for public supply and traditional industries in the districts, and on the other hand, a ‘large-scale model’ with significant state investments in energy supply meant for energy-intensive metal and process industries (Thue, 1996). The common denominator throughout, nonetheless, was only minimal elements of private ownership in the sector.

Two points are crucial here: first, the sector was *financialised* following the passing of the Energy Act of 1990. On the one hand, the development of a Nordic power exchange has contributed to a significant growth in the circulation of new financial papers, which is one of the core characteristics of financialisation. In short, the sector’s cash flows have been made available for appropriation using several financial – and often speculative – instruments. On the other hand, marketisation of the electricity sector has ushered in changes in the organisation and management of power plants. As their mandate no longer consists of securing a public good (meeting local demand for electrical energy), but instead to operate as market players competing

for customers. Power plants today are largely organised as joint-stock companies. The development coincides with similar trends in the organisation of the other activities of local authorities (Aars & Ringkjøb, 2011).

Through a process of “corporatisation” (Grossi & Reichard, 2008), whereby functions currently operating within a government bureaucracy are reconstituted as commercial entities operating at arm’s-length of governmental decision-making, local authorities found themselves owners of lucrative financial securities. Ownership of power resources, therefore, became something that produced a financial return for the public owners of power companies. Furthermore, due to their newfound private legal status, it also created opportunities for these owners to divest from direct ownership and spread their proceeds into other types of securities. This is precisely what many of them did. As early as 2007, 67 per cent of Norwegian municipalities held portfolios of long-term financial assets valued at over NOK60 billion in total (Løding, 2020). Municipalities became financial investors, coupling public revenue streams and budgeting processes with international market fluctuations. The whims and fancies of financial markets became integral to municipal economic planning.

Second, the sector has been *de-politicised*. Prior to liberalisation in 1990, the electricity supply regime was configured to respond to several key welfare and industrial policy priorities, and hydropower plants were seen as components of a network of public utilities. The Act of 1990 changed this fundamentally, to a large degree removing the management of natural resources from the sphere of influence of democratic bodies and turning it into a market-regulated sphere. This not only removed electricity supply from democratic oversight, but, as I will argue, it also affected the ability of local governments to act in *other* public service spheres. For example, in the early 2000s, using publicly owned power companies to increase the population’s access to broadband networks became a source of conflict between various Norwegian municipal shareholders, inhibiting the construction of such vital infrastructure (Nilsen, 2018). Corporatisation entails a

fragmentation of the public sector. It compartmentalises agencies into silos, undermining “synergistic planning” (McDonald, 2016:110) and impeding its democratic political core to a point where it is “unable to steer and control the diverging and conflicting interests of its multiple units” (Grossi & Reichard, 2008:613). As Norwegian municipal councils’ ability to coordinate resources for public purposes diminished, they came to see ownership of hydroelectric plants solely as financial possessions (Løding, 2020).

Below, we will encounter another example whereby such reconstruction of previous public realms into corporate entities under private law diminishes the impact of political decision-making, but now on a larger scale and with higher stakes. It – again – illustrates how financialisation and de-politicisation are not byproducts of excessive neoliberalisation, but among its main features. We see this in the recent efforts to reinvigorate the state’s industrial policies.

Norwegian neoliberalism II: Green transition industrial policy

The key challenge facing the global economy now, and in the foreseeable future, is the transition to a post-fossil fuel and ‘green’ industrial economy. The Nordic countries have vied to be global leaders in the ‘green transition’, seeing it as a business opportunity. Green transition industrial policies have also become a hot topic in Norwegian public debates, especially after a centre-left coalition led by PM Jonas Gahr Støre came to power following the 2021 parliamentary election. Støre’s Labour Party ran on a programme promising broad governmental support for greening the petro-dependent Norwegian economy. Within a year of its tenure, his government published a comprehensive strategy for green industrial growth labelled The Green Industrial Initiative² in 2022. The strategy was announced as his signature policy package, highlighting seven sectors where Norway was said to have a comparative advantage: (1) offshore wind, (2) hydrogen, (3) batteries,

2 <https://www.regjeringen.no/en/dokumenter/roadmap-the-green-industrial-initiative/id2920286/>

(4) maritime industry, (5) CO₂ management, (6) bioeconomy, and (7) the process industry. When it was updated the next year, it contained “150 measures for value creation across green industries”.³ In 2022, a separate strategy was followed for battery production.⁴

The strategy departs in critical respects from the pre-neoliberal era’s industrial policy. As a latecomer to industrialisation, Norwegian industrial policy has been marked not least by an active, interventionist – if not activist – state. The state pursued a mixture of supply-side and demand-side instruments to improve international competitiveness and even out differences in regional development. It built key state-owned enterprises (SOEs) in prioritised sectors. However, in the 1980s and 1990s, and akin to what happened in most other developed countries, such ‘vertical’ interventionist industrial policies were replaced by ‘horizontal’ and market-friendly approaches. Horizontal policies refer to the use of political instruments to improve the general investment and innovative environment (tax reduction on business and capital, flexibilisation of labour markets, investments in education and infrastructure), rather than to explicitly target specific sectors or companies, that is, to “pick winners” (Bulfone, 2020:25). In a similar vein, the socio-political goals and governance structures of the SOEs were seen as inefficient and adverse to rational allocation of resources through market mechanisms.

However, Norway did not divest from its SOEs to any large extent. What emerged in the late 1900s, beginning of the 2000s, was what Innset (2024) labels “hybrid” forms of ownership. SOEs were publicly listed, but the state retained majority ownership, making it the single largest investor on the Oslo Stock Exchange (OSE) to this day, controlling approximately one third of the OSE’s market capitalisation.⁵ In some cases (e.g. telecommunications), this was the end product of the process of corporatisation. In other cases (e.g. oil extraction, electrometallurgical industries, banking), incorporation was already

³ <https://www.regjeringen.no/en/aktuelt/a-greener-industrial-initiative-for-norway/id2996148/>

⁴ <https://www.regjeringen.no/en/dokumenter/norways-battery-strategy/id2921424/>

⁵ Ministry of Trade, Industry and Fisheries. (2019). *Meld. St. 8 (2019–2020) Statens direkte eierskap i selskaper – Bærekraftig verdiskaping* [White Paper No. 8 (2019–2020) The State’s Direct Ownership in Companies – Sustainable Value Creation]. Norwegian Government.

the dominant organisational form, but their governance structures changed dramatically. Innset (2024) argues that the governance of these companies thus exhibits somewhat of a paradox.

On the one hand, they are primarily financial possessions (that is, they serve financial and not political, social, or industrial ends). On the other hand, policymakers still attempt to achieve various ‘politically agreed upon public goals’. For example, by barring SOEs from relocating their headquarters to a different country, a move that policymakers themselves believe helps achieve other societal ends. In other words, they attempt to achieve public goals by “reorganizing SOEs so as not to have political goals” (Innset, 2024:10) (that is, to behave *as if* they were regular private companies).

This peculiar de-politicised construction runs into problems, the author argues, because it is faced with demands for new activist industrial policy in the ongoing ‘green transition’. For example, Norway is the majority owner of Equinor (former Statoil), one of the world’s largest energy companies, and the sole owner of Europe’s largest renewable energy producer, Statkraft. Both companies have the financial strength to potentially finance new, large-scale green industrial initiatives. Furthermore, the state itself is also excessively wealthy. Its sovereign wealth fund is the world’s largest, amassing over 1.5 per cent of all the world’s listed companies (assets totalling \$ 1.86 trillion). Moreover, in the wake of rising energy prices due to Russia’s war on Ukraine, the Norwegian state’s revenue from petroleum exports has more than doubled. There is, therefore, hardly an upper limit on the number of fiscal resources that the Norwegian government could potentially muster if it chose to do so.

So, what role do its SOEs play in the government’s green transition industrial policies? The short answer is very little. In The Green Industrial Initiative, these companies are not mentioned at all. In fact, the primary objective of the strategy is to mobilise *private*, not *public* funds. Akin to what Lepont and Thiemann (2024) label an “investor state”, the aims, measures, and instruments laid out by the government to spur green industrial growth seek to be “emulating and incorporating the rationale, reasoning style, practices, and habits of

financial investors [into the domain of public investment]” (Lepont & Thiemann, 2024:384). Such a state’s main objective is to “de-risk” (Gabor, 2023) private capital, that is, to alleviate corporations’ investment risks using financial instruments and the public purse, rather than financing new industrial ventures on its own. What does this mean in practice? I shall elaborate below how this is evident in the Norwegian government’s green industrial policy. However, it should first be said that the strategy does propose a wide variety of political initiatives on topics relevant to the green transition. Examples include upgrading the electric grid, stimulating R&D investment, and partnership agreements with other countries. All of this is important because, to some degree, they also ‘de-risk’ private investment. Greening the economy requires vastly larger R&D investment than private actors can be expected to supply.

Nonetheless, of overall concern to us here is the issue of green industrial investment financing. Why is the mobilisation of financial resources so important? First, it is adequate financial resources that will make or break attempts to build a greener economy. Estimates from the International Energy Agency (IEA) suggest that the investments required to reach net-zero in 2050 are in excess of 1.3 trillion US dollars *annually* for new renewable energy output alone (IEA, 2021). Second, how the necessary resources are to be harnessed, and their societal allocation, again illustrate well the co-evolution of de-politicisation and financialisation. In the ongoing ‘greening’ of Norwegian industrial production, most of the decision-making on crucial issues relating to the direction, pace, and funding of industrial investments – that is, how economic processes are to ‘transition’ – is left not to democratic bodies but to private financial capital.

Where will all this private investment capital come from? In the Norwegian government’s strategy, the issue is closely related to the functioning of financial markets. It argues that even if the Norwegian capital market is well-functioning, it “may be insufficient for certain market segments or categories of investments” (IEA, 2021:53). It conceptualises the core problem of scaling up green industrial capacity as a question of market failure, and the role of statecraft as one of

providing for private companies “internationally competitive schemes for risk mitigation” (IEA, 2021:54). Rather than using the financial power of its own state-owned energy enterprises, the government wishes to strengthen an institution like Export Finance Norway (Eksfin)⁶ to provide loan guarantees to new capital-intensive industries such as battery production. The government is very explicit regarding the role of private capital: it is to be the driver of its industrial policies. Only private finance capital can allocate capital efficiently, but the state can support their efforts and mobilise private investments using the public purse.

While loan guarantees and R&D grants are the preferred instruments to instigate a Norwegian battery industry, so-called ‘feed-in-tariffs’ and ‘contracts for difference’ – whereby the state guarantees fixed prices above market rate for developers, e.g. of renewable energy – are chosen to stimulate private investments and carve out a place for Norway in the emerging global market for floating wind farms. What these policies all have in common, however, is that their explicit purpose is merely to diminish the risks associated with industrial investments for private capital. Surely, the issuance of public loans for industrial ventures is nothing new. But the use of predominantly financial market technologies to construct constellations of public–private partnerships is recent.

This is furthermore evident in measures that involve direct governmental capital injection. It takes a form tailor-made for ‘investor states’, namely venture capital. The government has set up two state companies – Nysnø and Investinor – that provide seed capital for startups and for more developed companies that fund managers believe have green transition ideas and technology that can be commercialised in the future. Again, the role of the state is taking on the extra risks associated with investments in immature technologies, but only with the explicit, limited aim of letting financial markets take over, for example, through an IPO, as soon as possible. And again, the direction and pace of investment is left to technocratic fund managers several arm’s lengths away from democratic influence. Nysnø and

6 Governmental agency that provides public loans and guarantees for export industries and their partners abroad.

Investinor's total assets are, as of 2025, more than NOK11 billion.

The efforts to reinvigorate industrial policy in an age that desperately needs a greening of industrial production have thus been *financialised*. The state uses a variety of financial instruments to subsidise and attract private sector funding for new industrial ventures, and where it does procure ownership itself, it comes in the form of short-term seed capital that will be divested (hopefully) with a profit down the line. However, partnering with private finance capital also *de-politicises* governmental policy. On the one hand, public bodies have very little say in the actual decision-making that will help transition the Norwegian economy. But the public also gets little transparency as to how their public money is spent. The various subsidies and contractual agreements between private funders, developers, and public agencies are shrouded in secrecy. For example, when battery production company Morrow received loans, grants, and loan guarantees of NOK1.5 billion from the state, the terms of the contracts were hidden from public view.⁷

Financialisation and de-politicisation are twin processes that co-evolve. In the age of neoliberalism, they presuppose each other.

Discussion

This chapter has focused on an often-overlooked characteristic of recent political economic restructuring, namely the self-reinforcing logics of financialisation and de-politicisation at the centre of neoliberalisation processes. My core argument has been that de-politicisation – the insulation of societal spheres from democratic influence – is caused by and an instigator of financialisation.

Financialisation is not mainly about strengthening channels for financial capital accumulation, although it is that as well. Just as important is the incessant need to create *new* financial assets where they did not exist before. Financial capitalism seeks out cash flows that can be assembled and reclassified as financial securities under private law

⁷ <https://www.tu.no/artikler/frp-om-morrows-milliardlan-ren-gambling-br/554416>

through legal ‘coding’ (Leyshon & Thrift, 2007; Pistor, 2019). Through “economisation” (Çalışkan & Callon, 2009) or “assetisation” (Birch & Muniesa, 2020), new financial assets are coined and potentially made available for circulation in global financial markets, increasing the power of financial metrics and institutions in the process. A process of excavation is hence at the crux of neoliberalisation, whereby societal spheres that in many cases have been regulated as public goods and exposed to democratic processes are recreated as financial goods. The process itself is akin to what Harvey (2005) at one point called “accumulation by dispossession”, by which capitalism’s extraction of surplus value relies on predation and expropriation of extra-economic, uncharted societal spheres.

But contrary to Harvey’s analysis that focuses on the transfer of resources from the public to the private realm, the cases that have been analysed in this chapter do not involve privatisation as such. In fact, while formal ownership of newly created financial assets remains with the state or local governments in the case of the Norwegian electricity supply, the government’s green transition industrial policies also presuppose an active and interventionist state that commits public resources. But the form of the state’s investments is ordered in such a way that it inhibits the reach and impact of democracy. In fact, I argue that the whole point of coding a cash flow or a natural resource as capital is often precisely to create an arm’s-length relationship; a wedge between ownership by formally democratic bodies on the one side, and shareholder value-oriented management on the other.

I have used two examples from a wealthy Nordic social democracy to illustrate this coalescing of financial expansion and de-democratisation. In Norway, the liberalisation of the electricity supply was partly motivated by the belief in the fallibility of democratic bodies to manage the country’s vast hydropower resources. As the status of electricity producers as providers of public goods gave way to a corporatisation of the sector, local governments found themselves as owners of newly created and highly valuable financial securities. Some of them sold their holdings and diversified their wealth in various asset classes. Others held onto their ownership, hoping

to fund public services through lavish dividends. Either way, the ability of local governments to mobilise resources to public ends was effectively curtailed. A legal barrier was erected between democratic politics and corporate entities.

In the case of green transition industrial policies, we encountered some of the same phenomena. Even if the Norwegian state is excessively wealthy, even if the transition to a green industrial structure is of monumental importance, and even if such a transition has been the overarching goal for the sitting government, it does not appear to be able to rise to the challenge. The government has promised subsidy packages for battery production, offshore wind farms, and green hydrogen, but in all cases, business ventures are struggling to attract funding sufficient to get beyond the drawing board. Whereby the state used to facilitate collective decision-making, amass resources, and coordinate market development for new industries, the Norwegian state of today resembles what Lepont and Thiemann (2024) labels an “investor state”, that is, a state that concerns itself with public investments to reach societal goals, but not by relying on direct budgetary allocations, nor on simply establishing a business-friendly institutional framework. Rather, the investor state is active, if not activist. It constructs investment programmes and subsidy packages that redefine the neoliberal state’s role in the economy. It seeks to emulate the role of investor and to participate in public-private (investor) networks. Its statecraft is thus one of fine-tuning private sector incentives using the public purse and through financial instruments of various kinds. The goal of such a state is to guide and channel private funds into what it considers beneficial industrial investments.

What we have seen in the case of social democratic Norway, then, is a state that has not only been stripped of essential functions (such as providing public goods, e.g. electricity, or steering economic development), but also hollowed out. It has seen its authority, reach, and control restricted to the point where its ability to act has diminished. How this trajectory can be counteracted and reversed is beyond the scope of this chapter, but it is notable that there has

not been much controversy surrounding most neoliberal reforms in Norway. The social forces underpinning the Norwegian ‘investor state’ are broad. An attempt to formulate a political rebuttal will have to focus on the blurring of the contact surface between what is included in the public realm and what is subjected to private law, and seek to re-politicise societal spheres that have been emptied of democratic influence through assetisation and corporatisation.

At the centre of this are the confounding logics of financialisation and de-politicisation. “Governing through financial markets” (Braun et al., 2018) is not merely an institutional ‘fix’ to resolve political gridlocks under an austere financial capitalism. It is a way of doing statecraft, and, as we have seen, one that severely sidelines democratic processes.

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CHAPTER 4

A “FREE CHOICE” FOR ALL? ON MARKETISATION AND COMPETITION IN THE NORWEGIAN SCHOOL SYSTEM, AND POSSIBLE ALTERNATIVES

Katharina Sass and Sarah-Christin Aga

Introduction

In the post-war decades, a prominent American scholar and later president of the neoliberal Mont Pèlerin Society, Gary Becker, developed his theories on ‘human capital’. His concern was with how individuals could increase their productivity and competitiveness in the labour market through educational choices. Competition in all areas of life, neoliberal economists believed, would foster motivation. On the other side of the Atlantic, in the Nordic region, influential intellectuals at the time had very different aims. In Norway, social-democratic thinkers promoted a vision of an educational system that would serve democracy by creating social cohesion, mutual respect, and good education for all. Social-democratic ideology, in this era, focused not on the individual but on the collective, and the aim was to foster solidarity, justice, and equality through cooperation rather than competition.

The Norwegian post-war consensus, which included parties in the political centre, was to expand and strengthen the education system

based on the principle of comprehensive schools (*enhetsskole*). This principle implies that children are taught together, independent of differences in abilities or background. The educational reforms of the post-war era were not without opposition from the right; however, the Norwegian right was weak (Sass, 2022). As a result, the Norwegian school system became one of the most equality-oriented, social-democratic school systems in the world, with a comparatively low percentage of private schools and a comprehensive public school system.

From the late 1970s onwards, this vision of an egalitarian education system gradually came under attack. Neoliberal ideology began to gain political influence and penetrate school policy and pedagogy, with the result of increasing marketisation, segregation, competition, and individualisation. Today, growing numbers of Norwegian youth experience school-related stress and anxiety (Ungdata, 2022) in a system that increasingly sets them up to compete and personalises their failures.

The story below relates how neoliberal ideas of a competitive school for a competitive economy gradually hollowed out the social democratic school system from within, and how, despite resistance and institutional inertia, these ideas threatened schooling for equality and democracy. In what follows, we will show how ideas of selection based on grades, of competition, and of ‘free’ individual choice gained a foothold and undermined the idea of comprehensive education in Norway. We will focus on a limited part of this story, that is, on the transition from lower- to upper-secondary schooling, on the debate over grades in lower-secondary school, and on how the admissions system to upper-secondary school was developed over time in line with neoliberal ideological tenets.

This story adds to our knowledge of the development in Europe, where social democracy was once strong, but now has become an appendix to neoliberal power structures. Traces of progressive reform ideas can still be found on the Norwegian left. A revival of such ideas could possibly challenge the status quo in the future, but this would require a radical break with neoliberal thinking about education.

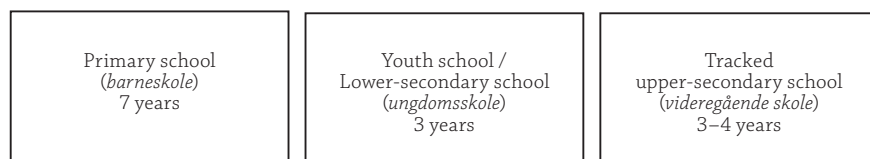
The Norwegian school system: A brief sketch

Today, the Norwegian school system is composed of a seven-year primary school and a three-year youth school (or lower-secondary school). Primary schools and youth schools recruit students based on catchment areas and place of residence, and are comprehensive. That means that the ability to pay, class, ethnic background, or other social criteria are not considered acceptable admission requirements. Primary schools and youth schools are owned by the municipalities, but subject to national laws and regulations, which ensure common standards. Ninety-five per cent of students attend municipal primary and youth schools; the rest attend one of the few, mostly faith-based, private schools or special schools owned by counties or the state (UDIR, 2025a). Upper-secondary schools are owned by the counties (*fylker*). Upper-secondary schools can offer general or vocational tracks or combine different tracks. About 9.1 per cent of upper-secondary students attend private schools (UDIR, 2025b). Private schools make their own admission rules and will not be considered further.

In urban areas, public upper-secondary schools recruit students based primarily on grade competition. This means that students compete for spaces at schools based on their grades from youth school, and schools compete for the best students. The counties can reduce the number of eligible applicants by introducing catchment areas within the county, so that place of residence becomes a criterion for eligibility. However, in all urban areas in Norway, there is competition between schools and students based on grades.

In past decades, social, ethnic, and gender segregation of students within upper-secondary schools has grown. The admissions system

Figure 4.1: The Norwegian public school system today



has contributed to this development because grades are correlated with class, ethnicity, and gender (Serediak & Helland, 2020; Lødding, 2004; Lødding & Helland, 2007). Growing housing segregation is another likely culprit for increasing ethnic and social segregation in schools (Lorentzen et al., 2025; Inntaksutvalget, 2020; Hansen, 2017). The admissions system and the role of grades as a tool for selection have long been controversial political issues in Norway, dividing the political left and right.

The political economy of education: Comprehensive education and selection based on grades as matters of left-right ‘class struggle’

Historically, social democrats and socialists in many countries have criticised capitalist education systems and demanded far-reaching educational reforms. The ideal of comprehensive education was developed as an alternative socialist conception of schooling, meant to combat class differences and give access to education for all, while at the same time socialising youths into solidarity and cooperation rather than competition. Ideas of education as human capital also impacted post-war social-democratic thinking, but mostly on the macro-level, in the sense that educational expansion was considered necessary for the success of the nation (Karlsen, 2006:136). Conservatives and (neo)liberals, on the other hand, have tended to emphasise the need for selection, competition, marketisation, and restrictions in access to especially valuable types of education. They have often supported socialisation into the status quo as a main educational aim, rather than viewing schools as instruments of social change (Gingrich & Guidici, 2022; Sass, 2022; Telhaug et al., 1999; Österman, 2017). From this point of view, the ongoing social reproduction in the school system is a fact of life that cannot and need not be avoided, but is considered natural (Sass, 2022:112, 133–134).

Grades as a tool of selection have played an important role in such conflicts. As stated by the Norwegian social democrat Einar Førde in a debate in the Norwegian parliament in 1974, social democrats at

the time viewed grades as “the currency in the capitalist education system” (Stortinget, 1974a:3133). Social democrats tried to tone down the importance of grades, arguing that grades create losers, foster a competitive mentality, and destroy motivation. They pointed to the strong empirical connection between grades and class background, using this as an argument for a lack of meritocratic fairness. For conservatives, grades have long been considered an important measuring scale, suitable as a tool of meritocratic selection (Telhaug et al., 1999:92, 194–199). Competition over grades has been viewed as a source of motivation for students to work harder, and as a possibility for individuals to shape their own fate.

Political sociological theories, such as power resource theory or Rokkanian cleavage theory, can serve to conceptualise such struggles over school policy as left-right conflicts or expressions of class cleavage, rooted in the unequal distribution of economic and educational resources in capitalist societies (Sass, 2022). This chapter also draws on historical institutionalist theory, which emphasises the importance of studying policy processes from a historical perspective. Outcomes of previous critical junctures and reform phases condition possibilities for change at any given time (Thelen, 1999). Next, the struggle over grades in youth school and admission rules to upper-secondary schooling in Norway is analysed as an example of a left-right class struggle. What is explored is how the power balance in the politics of upper-secondary education changed over time and what consequences this had for policymaking, leading to the current neoliberal status quo.

The 1960s and 1970s: Decades of educational reforms

After the Second World War, Norwegian education policy, like many other policy fields, was marked by a strong desire to ‘build up the country’. Education policy became an important part of the post-war programme for social change. Not only social democracy, but also representatives of the geographical and cultural periphery, aimed to

give more young people access to better education. Up until the 1970s, this desire for educational expansion shaped the development of the system. While conservatives were concerned about safeguarding the quality of education for the upper classes, their resistance to reforms was weak during this period (Sass, 2022).

Between 1954 and 1969, obligatory schooling was prolonged to nine years. Different lower-secondary school types were merged into the new youth school, which became a comprehensive school type serving the entire youth cohort, without segmentation. Previously, children of the upper (middle) classes often attended the academic lower-secondary *realskole*, while others went straight to work or attended the more vocationally oriented *framhaldsskole*. The latter did not provide access to upper-secondary schooling. Henceforth, all youths were given a chance to acquire a lower-secondary education at the level of the old *realskole*. By 1972, grades had been gradually abolished throughout the schooling system. The leading pedagogical views were progressive, based on ideals of emancipation, cooperation, equality, and justice (Telhaug et al., 1999:123–126).

For social democracy, the development of a comprehensive nine-year obligatory schooling system was a priority during this period. However, the format of upper-secondary schooling was also debated from the start, and gradually reformed. Already in 1952, a committee that had been put in place to discuss the development of the education system in 1947 (*Samordningsnemnda for skoleverket*) suggested that the laws for the different types of general and vocational upper-secondary education should be merged, with the aim of developing a common upper-secondary school for all Norwegian youths. The regional school administration was expanded and charged with planning the expansion of upper-secondary schooling (Sælen, 1989).

Various forms of upper-secondary education were tested during the 1960s and early 1970s. The number of students applying to and attending the general upper-secondary school (*gymnas*) grew rapidly, as the first cohorts of students were graduating from the new youth school in many cities. The *gymnas* was popular because it was the only entry to higher education. The number of students in vocational

education was also rising, but there was a lack of vocational schools (Sælen, 1989:27). In 1962 and 1965, two committees were tasked with discussing the pedagogical foundations, content, and structural development of upper-secondary schooling (*Gymnasutvalget* and *Skolekomitéen*).

In 1970, the majority of the school committee of 1965, including its chairman, Reiulf Steen, a longtime leader of the Labour Party, declared that, ideologically, the new upper-secondary school should aim to “create justice and peace in the world, to reduce the differences between poor and rich nations, to even out social and economic inequality, to get rid of all class divides and build a society based on economic equality, social equality, and cooperation” (Sælen, 1989:44). The development of solidarity should be one of the most important aims. Knowledge was also considered important, but within cooperative relations. The school had to ensure that ‘chasing status’ by way of ‘swatting’ should not be encouraged, and that competitive mentalities should be kept at bay. Ideological indoctrination was to be avoided, and students should learn to respect factual arguments and develop their own opinions, with the aim of solving problems together (Sælen, 1989:45–46).

Important representatives of the Labour Party now aimed at a comprehensive upper-secondary school that should combine general and vocational tracks and recruit students based on geographical catchment areas (Sælen, 1989:39). From 1963 to 1977, the political programmes of the Labour Party consistently demanded that upper-secondary schools be “comprehensive school[s]”, and that vocational and general education should be put on a par with each other (Telhaug et al., 1999:78). Combined schools with general and vocational tracks were considered a good solution, especially for rural areas. One of the arguments against such combined upper-secondary schools was that they would be too large. In 1971, the parliamentary education committee agreed on a compromise which entailed that, in the future, combined upper-secondary schools, with vocational and general tracks, and schools with only one track, should be made possible (Sælen, 1989:74–80). After a lengthy debate, a law on upper-secondary education was passed in 1974 (Stortinget, 1974b). The law applied to general and vocational upper-

secondary schools alike, and it was now possible to establish combined schools offering general and vocational tracks.

The introduction of youth schools meant that a much higher share of each cohort could apply for general upper-secondary education. At the same time, there was a massive lack of school spaces. While it was a political goal for social democracy to expand upper-secondary schooling so that the entire cohort could attend, this goal was still far from being achieved. Competition for school spaces became quite fierce throughout the 1970s and 1980s, and admission rules to upper-secondary school became a topic of debate (Lysne, 2004).

At this point, the Labour Party still wanted to abolish grades in youth schools and to make admission to upper-secondary schooling entirely independent of grades. In place of grades, the Labour Party wanted to establish age as the main admission criterion for upper-secondary schools. This was also called the “wait your turn” principle (*vente på tur prinsippet*). The idea was that everyone had equal rights to upper-secondary education, and that older students, who had waited the longest, should be taken up first. Grades, it was argued, were not a good way to measure motivation, and motivation was more important for success in upper-secondary education than grades (Stortinget, 1979:9). To understand this position, one must keep in mind that, back then, it was not uncommon for youths to enter the labour market after lower-secondary schooling and work for some time before possibly re-entering upper-secondary schooling. In the longer run, the Labour Party wanted to expand upper-secondary schooling sufficiently so that all students could attend, without favouritism towards any group. Because the lack of spaces necessitated regulating the distribution of spaces somehow, age was considered a fairer criterion than grades. The conservatives, the rurally based Centre Party, and the Christian Democrats, on the other hand, emphasised that grades should be the main admission criterion wherever space was scarce (Stortinget, 1979:8–10).

While the abolition of grades in primary school happened without major opposition, the idea that grades should be abolished in youth school became a topic of massive debate during the second half of the 1970s. A committee (*Evalueringsutvalget*, EVA) was charged with

discussing alternatives for evaluation, and published two radical reports, suggesting that grades in youth school should be replaced with informal feedback (EVA I and EVA II). A minority of the committee wanted to abolish grades in upper-secondary school as well. This was met with increasing resistance from the right towards the end of the 1970s.

From around 1979, the political centre joined the right in insisting that grades in lower-secondary school were necessary for selection to upper-secondary school. In parliament, several politicians representing centrist parties stated that grades in youth schools could potentially be abolished when there were enough spaces in upper-secondary schools for all. It was maintained that as long as spaces were scarce, grades were the only fair way of selection, giving individuals the opportunity to shape their own futures (Sass, 2022:106–111). The organisation of primary school teachers (*Lærerlaget*), which had previously supported the Labour Party's attempts to abolish grades in primary and lower-secondary schools, was now hesitant and internally split on the issue (Sass, 2022:110). While many Labour Party politicians still emphasised their critical views on grades, this led to a standstill, and grades in youth school were kept.

Before the 1981 elections, the Labour Party made a final attempt to make admission to upper-secondary entirely dependent on age, and to make grades almost irrelevant. New national regulations for admission emphasised that those who had waited the longest for access to upper-secondary education should always be taken up first. The new regulations also stated that any county that wished to implement different rules would need to apply to the ministry for permission to do so. This was an attempt to reduce the counties' influence on regulations (Lysne, 2004:196).

The 1980s and 1990s: Neoliberal ideology on the rise, but social democracy soldiers on

In 1981, the conservatives won the elections. Kåre Willoch now led a conservative minority government. From 1983, the Centre Party and the Christian Democrats also joined the conservative coalition.

Overall, Willoch's government did not make any far-reaching changes in school policy. The structural reforms of the 1970s, which had radically reshaped the Norwegian school system, were not reversed. When asked about why a reversal had not been attempted, the conservative politician Lars Roar Langslet explained that the conservatives did not have a majority on their own, and that a complete reversal would not have been supported by the parties of the centre (Sass, 2022:115). However, the conservatives ensured that reform processes came to a halt. Restorative pedagogy made a comeback, with increased emphasis on productivity, efficiency, schooling content, and technical-cognitive competencies. Social democracy's older pedagogical views, focused on redistributing economic and educational resources and on fostering critical thinking and cooperative abilities, now received less attention (Telhaug et al., 1999:124–125). While the idea of more individual freedom appealed to many, the increasing focus on the individual challenged formerly hegemonic ideas of community and solidarity in schools (Lysne, 2004:181).

Policy areas in which the conservative government of the 1980s did achieve a significant change of direction were grading and admission to upper-secondary school. One of the first actions of the new conservative government was to withdraw the regulations for admission to upper-secondary school the Labour Party had introduced in 1981, and to reinstate older regulations. From 1983, new regulations for admission to upper-secondary school emphasised admission based on grades and only included the option to give a few extra points for work experience (Lysne, 2004:191–196).

The debate on grades in youth school was now considered “dead” by the conservatives, not least because public opinion was on their side (Lysne, 2004:275). Most Norwegians did not support the abolishment of grades in youth school (Lysne, 2004:109–110). During this phase, the Labour Party was most concerned with protecting the comprehensive primary and youth schools. Faced with unfavourable public opinion and increasingly fierce attacks from the right, the Labour Party ended up on the defensive in the grading debate. It now chose less definitive formulations in its manifestos, for example, demanding “new forms

of evaluation that can support and inspire students” in 1981 and 1985 (Lysne, 2004:355). In 1985, the party also suggested that grades should be abolished in the youth school *in the long run*.

In 1986, the Labour Party was elected into government again. It was now argued that grades in lower-secondary school would lose their importance once upper-secondary schooling was fully expanded. Then, one returns to the question of whether grades in youth school should be abolished (Lysne, 2004:275–276). In the early 1980s, lack of spaces in upper-secondary schools was still an issue, but expansion continued.

By 1989, the Labour Party no longer mentioned the demand to abolish grades in youth schools in its manifesto. During the 1980s, the Conservative Party and the far-right Progress Party strongly emphasised that grades and exams in the youth school should be maintained and be the main admission criterion for upper-secondary school (Telhaug et al., 1999:195–199).

In 1990, the Labour Party politician Gudmund Hernes became the minister of education. Hernes pushed for a significant reform of upper-secondary education. His reform, called Reform 94, was based on several years of preparatory committee work and entailed a radical change in vocational education (Lysne, 2004:381–432; Stortinget, 1992a). The number of upper-secondary options or tracks was reduced from 113 to 13, with the aim of making the system easier to navigate for young people. All pathways through upper-secondary education were to lead to a formal qualification. Not least, all youths now had the *right* to upper-secondary education, meaning the regional school administration was obliged to offer places to all applicants. The system had been expanded massively, and the aim of providing placement to the entire cohort was now within reach. In theory, this change could have made admission to upper-secondary schooling based on grades unnecessary.

However, in the law proposal for Reform 94, the question of grade-based admission, or alternative admission criteria, was not taken up at all (Stortinget, 1992a). The term ‘comprehensive school’ was no longer applied to upper-secondary school, at least not by the Labour Party. The only reference to the term was made by the representatives of the conservatives and the far-right Progress Party.

In the parliamentary education committee's statement on the law, these representatives emphasised that upper-secondary school should under no circumstances be turned into a 'comprehensive school' with the aim of uniting as many students as possible in the same type of school. The Progress Party, which had been founded in 1973 and which had received 13 per cent of the vote in 1989, also underlined the need for "discipline" and "more exams" in school (Stortinget, 1992b:8).

Politicians of the left now believed that the right to upper-secondary schooling would lessen grading pressure on students in lower-secondary school (Lysne, 2004:416; Stortinget, 1995). As far as the admissions system for upper-secondary schools was concerned, it seems that the Labour Party's strategy became delegating this issue to the counties. The documents for Reform 94 emphasised repeatedly that decisions should, to a greater extent, be taken locally or regionally, in line with the principle of "management by objectives" (*målstyring*), an important New Public Management (NPM) governance tool (Stortinget, 1992a:24). The discourse on education began to show greater similarities to economic discourse, with a focus on productivity and competitiveness of the national society in a globalised capitalist economy. Market logics began to infiltrate how education was governed (Karlsen, 2006:134–137).

Grading in youth school was debated again in connection with the other major reform of the time, Reform 97. This reform prolonged primary schooling by one year by lowering the school enrolment age. During the debates on this reform, a coalition of the Labour Party, the Socialist Left Party, and of the smaller centre parties, the Centre Party and the Christian Democrats, suggested a reform of the evaluation system in primary and youth schools, emphasising that evaluation should create motivation. The current evaluation system was criticised for producing a "competition society" and for contributing to exclusion (Lysne, 2004:417; Stortinget, 1995). This can be seen as an echo of earlier grading debates, and as a final protest against the rise of neoliberal educational thinking.

However, the parties did not suggest that grades in youth school should be abolished, only that the ranking of students should receive

less attention and encouraging experimentation with alternative forms of exams and evaluation (Stortinget, 1995:26–27). Somewhat surprisingly, Hernes went on to introduce a new grading scale to youth schools. Until then, youth schools had used a five-step grading scale, while upper-secondary schools applied a six-step scale. This 1-to-6 scale was now also introduced to youth schools, against the protests of the primary school teacher organisation (*Lærerlaget*). Previously, the Labour Party had argued for simpler scales with fewer grades to avoid too much ranking of and competition among students. Hernes instead argued that a six-point grading scale would be more nuanced and could help motivate students. This was a clear break with previous social-democratic pedagogical convictions (Lysne, 2004:418). Abolishing grades in youth school was no longer a social-democratic reform aim.

Nevertheless, Hernes's reforms ensured more continuity in school politics and fewer neoliberal changes than in neighbouring Sweden, where large-scale privatisation and marketisation of the school system took place during the 1990s – today seen as the source of increasing segregation in that Nordic country. After all, Hernes believed in the comprehensive public school system and in educational expansion, and Reform 94 ensured access to upper-secondary education for the entire cohort. In this sense, it was clearly a social-democratic reform. Still, Reform 94 did not turn upper-secondary schools into 'comprehensive schools' as had been envisaged by the Labour Party in the 1970s, and grades continued to be the main admission criterion. Conservative and neoliberal ideas on schooling were on the rise and traditional social-democratic reform ideology was under pressure (Volckmar, 2008). It was only a matter of time until ideas of 'free choice' and 'competition' would re-interpret the older social-democratic reform aims more fundamentally.

The 2000s and onwards: A further shift to the right

The 2000s started off with an electoral victory for the right, and the conservative Kristin Clemet became the minister of education in a conservative minority government with the Liberal Party and the Christian Democrats. Clemet had been vice-CEO of the Confederation

of Norwegian Enterprise (*Næringslivets Hovedorganisasjon*, NHO), an employers' organisation. Her approach to education marked a break with all previous traditions, normalising the neoliberal framing of education. Clemet's main legacy became the so-called 'knowledge boost' (*Kunnskapsløftet*). This reform involved a reshaping of curricula for the entire school system with an increased focus on basic competencies, as well as the introduction of a quality evaluation system based on nationwide tests. Test scores and other statistical indicators for individual schools were published on a website called 'school portal' (*Skoleporten*) from 2004, which allowed direct comparisons of schools with respect to students' results. A market- and competition-oriented logic and language now infiltrated education policy, as schools were increasingly compared to businesses catering to 'clients' or 'users'. Management by objectives became the main governance principle. The term 'comprehensive school' was replaced by Clemet with terms like 'knowledge school', in line with Clemet's orientation towards higher performance requirements, individualisation, and competition (Thuen, 2017:204–209).

The far-right Progress Party had now turned the so-called 'free school choice' of upper-secondary schools into one of their main aims in school policy. Between 2001 and 2006, the party introduced three motions on the topic in parliament, all suggesting that counties should no longer have a say, and that grade-based admission should become the rule in the entire country. Except for the motion of 2004, these were supported by the Conservative Party (Stortinget, 2001, 2004, 2006). In 2006, the Liberal Party representative in the parliamentary education committee also declared that he supported free school choice (Stortinget, 2006). The smaller Christian Democrats did not support these motions, and they did not receive majorities.

Rhetorically, the Progress Party and its allies insisted on the individual's right to 'choose' a school. Spaces in upper-secondary schools were to be distributed exclusively based on grades. 'Free' competition over school spaces would lead to increased motivation, because students would be able to determine their chances individually. This, it was claimed, could counteract housing segregation and increase

social mobility (Stortinget, 2006:2). In 2004, the representatives of the Progress Party argued that

[f]ree school choice could help to raise the level of quality in schools, as schools experience increased competition and must strive to provide a good offer in order to have an operational basis. Together with unit-price financing – i.e. the state pays school fees and these follow the student – these members believe that this will contribute to increased competition between schools and increased quality of the education provided. (Stortinget, 2004:2)

The main argument of the Labour Party and other political parties that opposed these motions was that upper-secondary schooling should be administered by the counties because different geographical conditions required different solutions. While some counties had opted for free school choice in the entire county, others chose to operate with catchment areas to ensure the survival of neighbourhood schools in more sparsely populated areas (Stortinget, 2001). It was also pointed out that free school choice could lead to increased segregation and that it would not be free for students with poor grades, who could be forced to attend schools far from their place of residence or to move away from home (Stortinget, 2006).

Of course, the status quo was such that grade-based admission was already present in most urban areas, while place of residence mostly mattered in more rural areas. In the largest city, Oslo, free school choice was introduced in 1997. From 2004–2008, a combined model was implemented in Oslo, in which place of residence counted in addition to grades, but from 2008, admission was again purely grade-based (and has remained so in the present day). From 2004, free school choice was introduced by a conservative coalition in the second-largest city, Bergen, which had previously operated with a quota system to ensure social mixing (Fylkestinget, 2004; Hordaland fylkeskommune, 2004).

From 2005 to 2013, Norway was again governed by the Labour Party, in a coalition with the Socialist Left and the Centre Party. During this

period, the Ministry of Education was continually in the hands of the Socialist Left Party. However, no changes took place on the national level with respect to grading in primary schooling or admission to upper-secondary schools. This illustrates the extent to which neoliberal ideology had penetrated educational policy at this stage. The red-green government did introduce a couple of experimental programmes on ‘better evaluation practice’ and ‘evaluation for learning’. The latter programme involved experiments with evaluation in approximately 500 primary schools (Stortinget, 2011:62), but they did not lead to any significant adjustment in the grading system. Significantly, towards the end of the period, a white paper was passed on “quality and diversity in the common school”, which did not discuss grading and admission to upper-secondary schools at all (Stortinget, 2013). The term ‘comprehensive school’ was now officially out of use, even in the rhetoric of the left. The white paper included some remarks on the necessity to mix students across achievement levels in primary schools, and against the tendency towards increasing organisational differentiation (Stortinget, 2013:91–94). Besides this, few traces of the radical reform ideas of the 1970s remained. In 2007, a digital admissions system was introduced (VIGO), which centralised and bureaucratised the admissions process, leading to a loss of local “wiggle room” with respect to the allocation of students to schools (Skavhellen, 2024).

The lack of any radical reform attempts stands in stark contrast to the political manifestos of the Socialist Left, in which the social-democratic school ideology of the 1970s still featured. According to its political manifesto (2005–2009), the Socialist Left Party wanted to abolish grades in youth school, because “today’s grading system encourages memorisation rather than learning, and creates competitive pressure rather than collaboration” (Socialist Left Party, 2005). The manifesto also stated that the party “wants place of residence to be the most important criterion for admission to upper-secondary education, and work for good upper-secondary education offers in the districts, [...] to counteract young people having to move” (Socialist Left Party, 2005). However, just four years later, the party’s

2009 to 2013 manifesto was less categorical. It no longer stated the party's goal to abolish grades in youth school, but only that one should "examine changes to the assessment system in youth schools and upper-secondary schools with the aim to ameliorate today's evaluation system", and that the party was against a "purely grade-based" admissions system to upper-secondary school (Socialist Left Party, 2009). The Labour Party's manifestos of the period contained no remarks on grading in youth school. With respect to admission to upper-secondary schools, the manifestos only stated admissions rules design should be left to the counties. This was also the position of the Centre Party. It is uncertain why the Socialist Left Party did not use its control of the Ministry of Education to make any significant changes in this regard. It seems that radical educational reform ideas no longer received much attention within the parties of the left.

From 2013 to 2021, the conservatives again took over the government. In 2019, the conservative government proposed the introduction of free school choice based on grade competition across Norway. The Ministry of Education conducted a hearing on two different options: (1) either to force all counties to abolish catchment areas altogether *or* (2) to reduce the number of possible catchment areas. Both suggestions were met with criticism from the county governments, opposition politicians, and various organisations, including unions and even the employer organisation (NHO, 2019; LO, 2019; Utdanningsforbundet, 2019a; Stortinget, 2020). Nevertheless, in June 2021, the government decided to introduce a model which would force all counties to either implement grade-based competition across the entire county, or to implement a model with a maximum of six catchment areas within the county (Norwegian Ministry of Education, 2021a).

This became a hot topic before the elections of September 2021. In this debate, conservative and liberal supporters of free school choice were pitted against social democratic and leftist critics of what the left called 'grade-based school choice'. Shortly after the elections, the new Labour Party/Centre Party government abolished the regulations of June 2021, thereby returning to the former practice of letting the

counties decide on their admissions systems for upper-secondary schools (Norwegian Ministry of Education, 2021b). Based on the debate before the elections, during which competition based on grades was problematised as a source of social inequality and injustice, one could have expected a more radical reform of the admissions system. However, the current government has not taken further steps to reduce the importance of grades for upper-secondary school choice in urban areas.

Today: Social-democratic dreams, neoliberal realities

Egalitarian, comprehensive school ideals still enjoy broad support in the Norwegian population, at least in theory. For example, majorities among students in upper-secondary schools support statements claiming that rich and poor students, students with different grades, and students with different mother tongues should attend school together (Sass et al., 2024). Politicians of the left sometimes use the term ‘comprehensive school’ with a positive connotation, albeit only vaguely. The introductory part of the current curricula still emphasises progressive pedagogy and socialisation into cooperation, equality, and solidarity (UDIR, 2025c). The social-democratic ideal of a democratic, open education system that teaches mutual respect and community and mixes students of different backgrounds, seems to live on as an undercurrent and a textual reminder.

However, this social-democratic idea has become more of a dream than a reality, at least as far as upper-secondary schooling is concerned. In all urban areas of Norway, grades are the main admission criterion to upper-secondary school, and in the cities, segregation has been rising for decades (Lorentzen et al., 2025; Hansen, 2017). Everyone is acutely aware of the status hierarchy between upper-secondary schools. Some schools today are ‘elite schools’, attended almost exclusively by straight-A students. Other schools are at the bottom of the hierarchy and are termed “drug schools” or “shit schools” by the elite school students (Rong, 2025).

For the left, or what is left of it, it has been difficult to do anything about this development. A neoliberal understanding of motivation through competition has become hegemonic, and grades are, for the most part, considered a fair instrument for measuring talent and effort and for distributing benefits and disadvantages. This is also related to a strong focus on the individual and a dislike of any type of centralised policies for school admission, which could achieve more equal outcomes (Sass et al., 2024:19). The idea that the administration should have some room for discretion, and that students could be distributed through equalisation-oriented quota systems or the like, seems radical in today's context, even though such systems have existed in some countries historically (see Hordaland fylkeskommune, 1997, 2004). Today, whenever modest changes of the admissions or grading systems are suggested, conservative commentators are swift to criticise and scandalise such ideas (Bergens Tidende, 2015, 2019; Dagbladet, 2021).

The far right especially continues to push for free school choice (Stortinget, 2023). Of course, this free choice is in fact only available to privileged individuals, who are winners in the system of grade competition. Vulnerable students are the losers who do not get to choose (Lødding, 2004:18), supposedly because they haven't worked hard enough or lack talent. Neoliberal freedom is not for everyone.

This ideological shift to the right has also affected the ideology and strategies of the Labour Party. Although social democrats still see problems with increasing segregation in schools today, the party has nothing to say anymore about grading in youth schools. While some local chapters of the Labour Party in Oslo, for example, have suggested alternative admissions systems to upper-secondary schools, social democracy no longer suggests making admission completely independent of grades (Labour Party, 2025). Some chapters of the Labour Party (e.g. in Rogaland) even explicitly support neoliberal free school choice. Hardly anyone seems to remember the history of these struggles, and the original aim of post-war social democracy to abolish grades in the entire primary school system and to implement comprehensive schooling at the upper-secondary level.

It is not easy to see a way forward from the status quo, as the hegemony of the right seems ingrained in society. Still, in the two leftist parties, the Socialist Left and the Red Party, some traces of radical school ideology seem to live on (Socialist Left Party, 2025; Red Party, 2025). The Red Party (*Rødt*) is the only party that still demands that grades be abolished across the entire school system and that admission to upper-secondary schools be based primarily on place of residence and catchment areas. Within the largest teacher's union (*Utdanningsforbundet*), discussions on reducing grading and exploring alternative forms of evaluation also continue. Some youth schools experiment with such alternatives (Utdanningsforbundet, 2019b, 2023). The union has also taken a stance against grade competition in admission to upper-secondary schools and demands alternative admissions systems aim at social equalisation, ensure that students don't have to travel long distances to school, and lessen grading pressure in youth school (Utdanningsforbundet, 2019c).

A substantial change of direction would require that a larger number of actors, on the left and in the political centre, demand a serious shift away from the hegemony of market principles and individualism, and towards school policies aimed at social cohesion, community, and justice. In particular, the legitimacy of grades as an instrument of sorting and the idea of motivation through competition would have to be questioned fundamentally.

The declining wellbeing of children and young people, as well as the high levels of segregation and inequality in schools, might be turned into convincing arguments for policy change. However, this will only be possible if the Labour Party takes inspiration from the radical, well-informed debates of the 1970s, during which ideological differences between the left and the right were more stark. A change of direction would require a rediscovery of social-democratic reform ideals and a visionary alternative concept for the future development of the school system based on the ideals of democracy and cooperation.

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CHAPTER 5

THE LEGACY OF NEOLIBERALISM AND THE RISE OF THE EXTREME RIGHT IN EUROPE

Martin Kronauer

Introduction

The following text is based on my talk at the *laudatio* for Ole Johnny Olsen, May 2024, in Bergen. I extended it and submitted the chapter to the book last fall, prior to important developments pertinent to the subject, particularly the re-election of Trump. I had already considered the possibility of a new kind of ‘despotism’ that might emerge in such a case.

A few months later, we observed how this despotism had evolved at a breathtaking speed: the libertarian radicalisation of neoliberalism, a *coup d'état*, seeking to destroy and plunder federal political institutions, breaking with every principle of checks and balances, giving free rein to the wealthiest person on Earth to dismantle any impediments for his and other tech billionaires’ capacities of profit making.

A new stage of anti-social, capitalist modernisation in the age of digitalisation is in the making. This despotism was brought to political power by a majority (as small as it was) in a democratic election, drawing largely on an electorate composed of working-class and lower-middle-class voters. As early as 1835, Alexis de Tocqueville warned of the possibility of a tyranny of the majority in the United States.

In late 2024, the majority enabled the establishment of a tyranny of billionaires.

It would require writing another piece to discuss how that electoral outcome was made possible, and what impact the US legacy of neoliberalism has had, including the history of deindustrialisation, the combination of financial and housing crises in 2008 and in subsequent years. It would also require another extended analysis to lay out the inner contradictions already visible in the policies of Trump's second term: tariffs that are supposed to strengthen US manufacturing but at the same time impose serious risks on US industries and threaten consumers with price hikes; policies that pretend to be anti-elitist but at the same time delegate unfettered political power to representatives of the most dominant economic elites.

In any case, we are now confronted with a US government and ruling business class that openly aligns itself with all fascist forces in Europe. The question that guided my writing – why and to what extent are European societies susceptible to the extreme right – in this constellation has become even more pressing today. The following considerations might still be helpful, I hope, in search of an answer. I only added some updates without changing the thrust of the arguments.

Outline of argument

The rise of the extreme right at about the same time in many European countries is frightening. It calls for explanation. Some look for parallels to the 1920s and 1930s; others point to the unique constellation of multiple coinciding crises – the challenges of climate change, migration, and a war in central Europe. While I am rather sceptical about drawing premature parallels to the 1920s and 1930s, I don't question at all the seriousness of those multiple challenges and their coincidence. But I would like to add a somewhat different point of view. To explain the rise of the extreme right, it is not sufficient to focus on the issues of migration and climate change – the issues that the extreme right addresses with aggression and denial. These are very peculiar reactions that call for explanations in themselves. I therefore suggest looking at

political and social changes *within* European societies during the last 40 years. The extreme right, I propose, exploits social fears rooted in societies that ever more drift apart.

This brings the legacy of neoliberal policies since the 1970s into focus. They have been potent drivers of inequality of a special kind. I will argue that the links between neoliberalism and the rise of the extreme right are twofold. Neoliberalism in itself is an anti-democratic and socially destructive political project. And by undermining the social foundations of citizenship – this is the crucial point that I want to stress – it paved the way for the rise of the extreme right in Europe in times of crisis. I will consider the political project of neoliberalism and its consequences first, and then turn to the rise of the extreme right.

Neoliberalism: An anti-democratic and socially destructive political project

I use the term ‘neoliberalism’ as it is discussed in recent works by historians as a set of political ideas, goals, and actions which promote, nationally and globally, the dominance of markets over politics. It is itself a *political project* (Slobodian, 2019:41) that aims, as Adam Tooze pointedly states, at *de-politicising* issues of the very unequal distribution of social risks, be they related to work, health, or ecology (Tooze, 2021:19–20). Or in other words, neoliberalism seeks by any political and legal means to insulate markets (Slobodian, 2019:12) from democracy, that is first and foremost from politics of redistribution (Chamayou, 2019:346–347; Slobodian, 2019:29). The departure from progressive taxation since the 1980s in the US and in the countries of Western Europe is a striking sign of its advancement.

But the political project of neoliberalism does not confine itself to shielding markets from redistribution. Neoliberal politics create and forcefully interfere in markets. They impose rules of markets on social institutions that, for good reason, previously followed other logics (e.g. universities); they replace public services with services provided by markets that are supposed to generate profits. And they seek to free capital, the dominant actor in markets, from legal restrictions.

In this political project, the state has to be weak and strong at the same time (Chamayou, 2019:301): weak in representing the interests of the people in and against markets; strong in the capacity to create markets, and to protect those who reap the profits against the interests of the people. Neoliberalism is not liberal in the sense of the 18th century; it is an authoritarian liberalism, as Grégoire Chamayou calls it. Remember that Friedrich von Hayek, the best-known protagonist, came up in support of Pinochet's dictatorship.

Some on the left argue that neoliberalism is just capitalism. Yes, it is capitalism. But no, it is not 'just capitalism'. It is, to use a phrase from French historian Pierre Rosanvallon, a "grand counter attack" (Rosanvallon, 2013:247, translation by the author) against social achievements after the Second World War. Neoliberal policies attack and undermine social rights. And by attacking and undermining social rights, they attack citizenship.

Social rights in capitalism, such as mandatory social insurances that provide support in critical junctures of life, rights to housing, health care, and education, help to make people's lives less dependent on markets which they cannot control. Labour laws, the right to strike, and collective bargaining somewhat balance the uneven distribution of power between capital and labour, employers and employees. It took decades of struggle, often bloody, to conquer those rights from capital. The struggle also transformed the understanding of society. Rosanvallon speaks of a "revolution" (Rosanvallon, 2013:224) in thinking and morals, beginning at the end of the 19th century. Sociology, the young academic discipline that established itself in France at the time, conceived society as constituted by the interdependence of its members. Social cohesion, in consequence, was to depend on the institutionalised recognition of mutual responsibilities. Already at the turn of the century, the 'revolution' in thinking and morals aimed at social reforms, not at overthrowing capitalism.

What is so important about social rights, the third pillar of citizenship, besides personal rights and political rights? Social rights are the *precondition* for personal and political rights to work for the people,

and not just for the privileged few. In short, social rights are not only the backbone of modern welfare states but of democracy as well.

Thomas Humphrey Marshall, the classic thinker about the welfare state, in his famous lecture on “Citizenship and Social Class”, given shortly after the Second World War, sees citizenship and the class system in the 20th century at *war* with each other (Marshall, 1992:81). In the decades before the 1970s, citizenship had gained considerable ground (not victory) after only after two world wars, revolutionary outbreaks in central and eastern Europe, and a worldwide crisis of the capitalist economy in between. Nowhere had citizenship prevailed in taking democratic control of the economy. In fact, the extension of social rights signified a historical compromise *within* the class system; it helped to maintain the dominance of capital. But beginning in the 1970s, during a crisis of capital accumulation, even the compromise was called into question. Policies of neoliberalism, first in the UK and the US, began counterattacks against the growing demands of workers, and social and ecological movements (Chamayou, 2019). By promoting markets over politics, imposing taboos on redistribution, and undermining social rights, neoliberal policies undermine democracy.

To be sure, neoliberalism is neither a coherent set of ideas and actions nor did it progress without resistance. On the global level, even the World Trade Organization (WTO), once the most prominent neoliberal success story of a legal construction to shield the world market from national politics, has become embattled. On the level of the European Union (EU), the dominance of market integration over the integration of fiscal and social policies is a constant source of conflict. At the national level, neoliberal policies always encountered and tried to adapt to different national settings, institutional traditions, and socio-political constellations. The varieties of capitalism and welfare states *still* matter. Germany is in this respect neither France nor the UK, and even Thatcher in the UK did not succeed in privatising and dismantling the public health system. But the strengthening of markets and capital over social rights began to dominate all over Western Europe. Even countries of the ‘northern’ social model, or rather close

to it, such as Sweden and the Netherlands, underwent drastic changes with socially destructive consequences. Sweden in the 1990s became a “trailblazer in the privatisation of public services – both in health care and the school sector” (Strittmater, 2022, translation by the author), followed by huge transfers from the public to the private sector. The Netherlands in 2006 privatised health insurance, with ever-increasing costs for the citizens (Müller, 2024); it also forcefully promoted the ‘flexibilisation’ of labour markets, fostering precarious work. Sometimes, social-democratic governments, not only conservative ones, pushed for market reign over politics.

Effects of neoliberal onslaughts on European society

Despite the varieties of neoliberal policies and national differences, it seems justified to point to some developments in various countries of the EU since the 1980s: growing inequalities in terms of income (Beckfield, 2016; Piketty, 2020:41, 52), and particularly of wealth; the detachment of two opposite social poles from the middle layers of society. The pole at the top comprises managers and professionals who operate in financial markets and transnational corporations, with close connections to politics and administration, and is both freed from and freeing itself of responsibilities to local enterprises in terms of job protection and to society at large in terms of taxation. I call it the “zone of exclusivity” (Kronauer, 2020:44–45). German sociologist Michael Hartmann speaks with regard to the US, France, the UK, and Germany of the “detached” (*die Abgehobenen*) (Hartmann, 2018). At the other extreme emerged a pole consisting of people cut off from essential resources of participation in society – the marginalised in the “zone of exclusion”. In between the zones of exclusivity and exclusion, labour-market and social “reforms” (Betzelt & Bothfeld, 2011) promoted cleavages within the working classes and within the middle layers of society: between people in precarious positions with regard to the labour market, employment, income, and social protection, and people with rather stable integration on all those levels. Growing

social inequalities overlap with spatial inequalities, inside cities, but also between prosperous regions and regions in decline (often old-industrial regions). With the weakening of rent protections, the privatisation of public housing stocks, and the financialisation of real-estate markets, in many European cities, housing again became the central issue of a new social question, affecting people at the lower end of the class and income hierarchy most.

But there is still another, more general effect. With the advance of neoliberalism, the meaning of individualisation changed. The individualisation Ulrich Beck wrote about in his book *Risk Society* (1986) referred to the weakening of traditional social (particularly class-based) ties and obligations. With the extension of social insurance provisions and social services, particularly in education, and a distribution of income and wealth in the three decades after the Second World War that lifted the boat for all. Despite persisting inequalities, people were to some degree *liberated* and *liberated themselves* to have more choices in determining the course of their lives. As a consequence, they also had to face the risks that came with making deliberate choices. Or to state it in Marshall's terms: the opening up of individual opportunities was backed by the strengthening of social rights in the war with the class system.

Individualisation in times of neoliberalism, in contrast, means that ever more people are *forced* to take risks and responsibilities in contexts beyond their control, with much less backing by society. Deprived of their political capacities, in neoliberalism, people count first and foremost as consumers in a world set up by global players on financial markets and internet oligopolies. This is rather successful. It works quite well for capitalism to attach people to the endless stream of meaningless information and the universe of commodities.

Class relations and inequalities based on class not only persist, but they become even more entrenched in the ever more market-driven 'risk society' of today. But the class *society*, characterised by class-specific communities and their political and cultural representations, disappeared, as François Dubet argues (Dubet, 2008:469). This might apply to working-class communities and representations, and social-

democratic parties, by abandoning any reference to wage labour and courting a fictitious ‘middle’ of society, contributed to this effect. But I don’t think that it holds true for the close-knit communities of the upper class (see Crouch, 1999:425).

Is the era of neoliberalism drawing to a close?

We currently observe a recourse to more state interventions in markets under pressure from global risks. Does this indicate that we are approaching or have already reached the end of the era of neoliberalism? At present, I would answer: yes and no. Already in response to the COVID-19 pandemic, central banks and governments departed from neoliberal principles. Adam Tooze, the British historian of the economy, in his book *Shutdown (Die Welt im Lockdown)*, takes stock of the unorthodox interventions of central banks buying state bonds, in coordination with an extension of fiscal policies by governments. The purpose of the intervention, however, was foremost to prevent the imminent breakdown of the financial markets that had been politically liberalised since the 1970s, the most decisive neoliberal transformation. In the end, the wealthiest 10 per cent, and not the (for a short time) much-hailed nursing staff in the hospitals, benefitted most (Tooze, 2021:171).

Other important political actions during the pandemic, such as the ad-hoc decisions to protect vulnerable professions and businesses financially, to protect renters from eviction, and to prevent employees from losing their jobs, demonstrated that politics for the people, and not dictated by markets, *are* actually possible. But this makeshift response was not followed up by lasting measures, not in Germany, and as far as I know, not in other countries. In Germany, inequality *increased* in the wake of the pandemic, and not only in school performance (Statistisches Bundesamt, 2021; OECD, 2023).

We observe contradictory recourse to more state intervention in markets in response to climate catastrophe and geopolitical shifts. Some, not all, European governments and the EU embark on highly embattled industrial policies to push for ecological transformation.

Attempts to reduce economic dependence on foreign powers, such as Russia, China, and, most recently, the USA, are full of internal contradictions for countries with export-driven economies and capital enmeshed in global supply chains. With the re-election of Trump, the world is entering a new stage of actual and potential trade wars, a sharp departure from free-trade principles, but at the same time, a war waged against European attempts to impose regulations on the oligopolies of the US-dominated digital economy.

Two ways of destroying democracy

With the advancement of neoliberalism, two particular political threats to democracy have emerged. The first threat consists of the political project of neoliberalism itself, to insulate capitalism from democracy and to impose the dominance of markets over politics. It has brought to power a set of politicians who openly disregard democratic institutions. The second and related threat consists of the emergence of parties and movements of the extreme right that flourish on the social destruction that neoliberal policies have produced.

With Berlusconi in Italy, Trump in the US, Johnson in the UK, and Kurz in Austria, a new type of politician entered the stage in the US and Western Europe who virtually *embody* in their characters neoliberal attitudes, combined with a cynical approach towards democratic institutions. Ownership of private mass media or close connections to such media provided them with tools of power formerly unheard of. They turned politics into deal-making and gambling, into shows to entertain and deceive the public, into bending rules and laws to one's own benefit. Thatcher in the UK and Reagan in the US, the 'vanguard' of political neoliberalism, so to speak, recklessly pursued what they considered to be their mission; they were determined to break the powers of trade unions, to privatise public infrastructure, and to cut taxes. But they did not call into question the institutions of representative democracy in their countries as Trump does, and even Johnson did in his attempt to sidestep one of the oldest parliaments in history.

In the US, a new type of despotism is determined to fundamentally remake the country. It combines the reckless personalisation and privatisation of politics (the Trump system) with the further privatisation and capitalisation of the public sphere by the new ruling class in command of the productive forces of digital capitalism. Quinn Slobodian, in his book *Crack-Up Capitalism: Market Radicals and the Dream of a World without Democracy* (*Kapitalismus ohne Demokratie*) (2025), points to the further radicalisation of the neoliberal project, represented by exemplary figures such as ‘tech billionaires’ (Rushkoff, 2022;¹ Krugman, 2024) Elon Musk and Peter Thiel. They seek to forestall the powers of potential democratic interference by carving out ever more privatised (i.e. capitalised spaces, including outer space). It already has gloomy ramifications for Europe as well.

The second threat, in some respects similar, in others different, is in the rise of extreme-right parties in Europe. They gain ground with a programmatic melange of aggressive fights against migration, often combined with demands for social policies exclusively for the ‘natives’. Also common is a fierce opposition to policies addressing climate change. Directed against the EU, right-wing nationalism promises to ‘take control again’ and to brush up national pride: ‘Make America great again’ resonates in similar slogans of the right in Europe. But despite commonalities in goals with regard to migration, climate policies, and nationalism, there is a remarkable ideological difference between the extreme right in the US and in Europe: the former is strongly anti-state, the latter wants a strong state, but exclusively for itself.

Who does the extreme right attract? Who votes for it? There are plenty of variations in national contexts and manifestations of the extreme right and its supporters. But there is also a common pattern: more men than women are among the voters, people with less formal education; workers are overrepresented compared to their share in the population; and the extreme right comes up stronger in regions with declining population and economic fortunes, than in prosperous regions, and more in rural areas than in cities.

1 Douglas Rushkoff provides an excellent analysis of the ‘mindset’ of the ‘tech billionaires’ (2022 in English, 2025 in German).

This is not to say, however, that extreme right parties are just collecting the losers of social change (in reality, the worst off, the unemployed and poor, more often abstain from voting than participate in it). The leading figures of right-wing parties have, with very few exceptions, academic backgrounds. They represent and attract, to use Seymour Lipset's famous characterisation of fascism, the "extremism of the center" (Lipset, 1963:129) of voters from the middle class. And the regional divide is only a gradual one. In the recent federal election in Germany, the extreme-right party (Alternative for Germany, AfD) came in second place even in the overall prosperous states of Baden-Württemberg and Bavaria. Fear of social decline rather than the actual experience of personal decline might have affected voters, even well-paid and socially insured industrial workers. As recent studies indicate, the 'extremism of the center', in this respect similar to the extreme right in the US, also has roots in a libertarian rejection of all kinds of rules imposed by state authorities, such as the restrictions introduced to curb the spread of the COVID-19 pandemic.

How can we account for the rise of the extreme right in Europe?

Is it just a manifestation of attitudes that have existed for a long time in significant parts of the population, which have largely remained under the political surface but are now coming to the fore? This might well be an important aspect of the explanation. Surveys looking on a regular basis into social and political attitudes of the German population, for instance, found evidence that time and again a considerable share of respondents (about 15 per cent) held xenophobic and anti-democratic views. I don't know about such surveys in other countries, but I can imagine that Germany in this respect is not a singular case. A question, however, still remains: why does the extreme right acquire such momentum right now? And why does it seem to attract more people? How fixed are the attitudes to which it appeals anyway?

A similar and related explanation for the rise of the extreme right points to a 'culture war' in which the extreme right is rather successful.

According to this explanation, the cultural struggles are framed in terms of the values and world views of ‘cosmopolitans’ – academically educated liberals, benefitting from the globalised economy, and celebrating an urban lifestyle with diversity and wokeness – as against the values and worldviews of family-oriented ‘locals’ with conservative attitudes towards gender and morals, often invoked by the extreme right as the ‘hard working’ people.

On the surface, conflicts about gendering language, inclusion, and migration might point in that direction. Sociologist Steffen Mau and colleagues (Mau et al. 2023) question the existence of such polarising cultural frontiers, at least for Germany. The authors found in their survey, and by drawing on already published empirical studies, a broad middle ground, not polarisation, in the perception of the issues hotly debated in public. They conclude that media and opinion leaders of all kinds use the issues as trigger points to *produce* polarisation. This is an important finding. It indicates that the cultural battles – in Germany and maybe also in other European countries – might not emerge so much out of fixed antagonistic values and attitudes; the battlefield itself might instead be set up by political and economic interests, including the marketing interests of social media. But this again leads me to a further question: why do the triggers work?

Mau and his colleagues give us a hint: most responsive to triggers of anger are those whom they describe as “exhausted by change” (*Veränderungsererschöpfung*) (Mau et al., 2023:349, translation by the author), people with the least social and economic resources to adapt. What kind of changes are involved? Zygmunt Bauman, in his last essay titled “Strangers at Our Door” (*Die Angst vor den anderen*) (2016), provides us with a further clue for analysis. And here I come back to the central argument stated at the beginning.

Neoliberalism, the social crisis of citizenship, and the rise of the extreme right

Bauman argues, with reference to the historians Eric Hobsbawm and Miroslav Hroch, that nationalism and ethnicity are substitutes for

means of integration in a disintegrating society (Bauman, 2016:64). I want to modify the argument somewhat to link what I have said so far about neoliberalism to the rise of the extreme right. Like Adam Tooze, I have characterised neoliberalism as a political project to de-politicise issues of inequality, that is, to shield capital from the demands of the people. It undermines social rights and social citizenship, and thereby the very institutional base of social cohesion in democratic societies. Neoliberalism, in other words, is a driving force of disintegration. This has far-reaching political consequences: by promoting, globally and nationally, the dominance of markets over politics, neoliberal policies have already produced a political void that the extreme right seeks to fill with its politics, based on nationalism and ethnic purity. The extreme right, in its anti-democratic way, wants to reestablish the dominance of politics – politics in this case understood by Carl Schmitt ([1932] 2002:26) as the power to define and persecute the enemy.

I will elaborate on this argument a bit more. We know from international comparative studies how important institutions are for the wellbeing and the social and political participation of people. More egalitarian countries, with stronger provisions of social welfare and social protection, with trustworthy political institutions, have positive effects in all three dimensions – wellbeing and social and political participation. They also score higher in dimensions that reflect degrees of social cohesion – social trust, political trust, tolerance, perceived tensions between rich and poor, young and old, different ethnic groups (Böhnke, 2010; Böhnke, 2011; Green & Janmaat, 2011). In 2015, the Organisation for Economic Co-operation and Development (OECD) published a report with the telling title, “In It Together. Why Less Inequality Benefits All”. From an epidemiological perspective, Richard Wilkinson and Kate Pickett, in their famous book *The Spirit Level: Why More Equal Societies Always Do Better* (2009), make the same point with regard to health. They emphasise that more egalitarian societies generate lower levels of social fear. This is not only beneficial for health, they argue, but also for social contracts and trust.

Is ethnic homogeneity a precondition for societies being more egalitarian? Andy Green and Jan Germen Janmaat, in their comparative

study “Regimes of Social Cohesion” (2011), provide evidence that speaks against such conditionality (Green & Janmaat, 2011:183–186).

If we take seriously the findings just outlined, it becomes obvious that neoliberal politics attack the very institutions on which wellbeing and social and political participation depend. They undermine the basic sense of security in society on which trust can be built – trust in others, trust in one’s capacity to participate and have an impact in social life, shared trust with others in social and political institutions. As drivers of inequality, they are at the same time a driving force of social disintegration. Markets rules cannot replace institutions of mutual responsibilities without putting society at risk of disintegration.

This is how neoliberal onslaughts were the breeding ground for the extreme right. The extreme right exploits social fears, including fears of status decline,² of social insignificance. It pretends to provide people with a community that they can rely on and identify with, and that shields them from external threats – the fictitious community of the ethnically pure nation. And it seeks to elevate the self-esteem of the members of this fictitious community by degrading others, the non-members, be they construed as not conforming to one’s worldview and values, or as outright aliens. The external threats that the extreme right promises to eliminate are climate change and migration – the former by denying its existence, the latter by force and oppression. Eliminating these external threats is supposed to protect against internal threats – against competitors for jobs, housing, and income, and against otherwise necessary changes in one’s everyday life due to concern for the environment.

We know the pattern from followers of fascism: social fears rooted in social conditions beyond one’s control, seek relief in denial and aggression, the latter directed against personal incorporations of the hated political ‘system’, but most of all against everyone perceived as a stranger. Fear is among the emotions most susceptible to right-wing

2 A recently published study comparing 11 European countries established evidence that intergenerational status decline had a significant impact on voting for parties of the extreme right (Jacobs & Kayser, 2025).

propaganda and manipulation, as Illouz (2023) and Nussbaum (2019) demonstrate.

However, the extreme right in Europe today presents itself in a new guise. Anton Jäger, in a contribution to *The New York Times*, convincingly argues that it does not progress, like in the 1920s and 1930s, by politically mobilising for an imminent civil war against a strong working-class left (which no longer exists), but rather through the de-politicisation of people. And “rather than expand outward”, the “main desire” of the extreme right, he writes, “is to shield Europe from the rest of the world”. In geopolitical terms, “the goal is adaptation to decline, not its reversal” (Jäger, 2023). This recalls Eric Hobsbawm’s dictum: “the characteristic nationalist movements of the late twentieth century are essentially negative [...] Time and again they seem to be reactions of weakness and fear, attempts to erect barricades to keep at bay the forces of the modern world” (Hobsbawm, 1990:164).

I want to add another aspect to Jäger’s argument regarding the difference between the rise of the extreme right in Germany in the 1930s and today. In the 1930s, major factions of German capitalists came out in open support of the Nazis. They thought they could use Hitler to smash the labour movement and its organisations, and still keep control of him, his party, and his followers. In Germany today, there is no serious challenge to capitalism, and no need for big capital to take sides with the extreme right. Major companies in considerable numbers sponsored advertisements against it in widely read bourgeois newspapers (Die Zeit, 2024a, 2024b). To be sure, there are many complaints raised by organised industry, with regard to bureaucracy, compliance regulations in supply chains, and so forth (Süddeutsche Zeitung Online, 2024). A particularly critical issue remains the ecological transformation, its speed, financial backing by public investment, and the costs of energy. But so far, the extreme right does not seem to be very attractive to an export-oriented industry in need of qualified labour from abroad. And the way back to combustion engines as a promising strategy for the automobile industry is already blocked by competitors from China and the US. However, capital

is opportunistic. If popular support brings the extreme right into positions of political power, capital will not resist but use its influence to make the most of it. The decisive political task, therefore, is to stem the tide of popular support.

I argued that the extreme right tries to exploit social fears, denying climate catastrophes and resisting migration. Climate change will not disappear by denial, nor will migration disappear by building fortresses within and around Europe.

Whereas climate change should be stopped or at least slowed down significantly as soon as possible to avoid further environmental and human disasters, migration is different by its very nature. People have changed their habitats throughout the history of mankind. This is one of the ways by which the human species survives. Even if the causes of forced migration (war, poverty, discrimination) were eliminated – and we are further away from such a condition than ever – migration would continue. And importantly: highly developed capitalist countries depend on it.

It is obvious that neither of these two pressing global issues is easy to address. But it is also as obvious that they cannot be properly addressed at all in societies that drift apart, that get ever more unequal (Kronauer, 2020). This is not possible for the simple reason that questions of justice, and even more of injustice, are involved – justice and injustice not as academic questions in philosophical seminars, but as everyday life questions that play out in politics. Who should be held most responsible for the reduction of CO₂ emissions in a country in which the wealthiest 10 per cent account for almost six times as many emissions as the lower half of the population (these are figures for Germany)? In which neighbourhoods are migrants going to live? Which schools are their kids going to attend? How should integration be supported when a city is highly segregated? When cities and towns are left alone and overburdened with the tasks of providing accommodation and aid?

Concluding remarks

I have sketched, with a rather broad brush, I admit, how the drama unfolded: how the politics of de-politicising issues of inequality to protect capital against the demands of the people have laid the groundwork for the rise of the extreme right, filling the void with their politics based on nationalism and ethnic purity. What follows from this insight? It might well be that the politics of de-politicisation have already been so effective that the majorities of a population are not even aware of the political rise of the extreme right and its political and social implications. But this is not necessarily so. Maybe there are still majorities of people in Europe who do not want to live in xenophobic societies and in authoritarian states, where the separation between government, jurisdiction, and the media is torn down like in Orbán's Hungary, a regime that the extreme right in Europe wants to emulate. The fact that the Trump government favours the Orbán regime because of its despotism and because it wants to destroy the EU could even stimulate the opposition.

It might still be possible to direct people's attention to what has already materialised of the right-wing programmes in too many European countries: racist attacks, direct and indirect censorship, cronies of the ruling party placed in central positions within the jurisdiction and the media, and flourishing corruption. And it might still be possible to mobilise those people to take action against the extreme right, in the polling booth, at the workplace, on the streets, in trade unions, in sports clubs, in families and neighbourhoods. But mobilised they must be to take action. Such mobilisation requires ridding people of any illusions about the seriousness of the extreme right, and to make them realise that nothing less than their own political and democratic existence is at stake.

Are the so-called parties of the centre in Europe actually ready to mobilise? The last election cycle suggests that they had hoped to win over followers from the extreme right by adopting their positions,

particularly those on migration, a strategy that historically has never worked. The recent federal election in Germany is a case in point. A guest essay in *The New York Times* appeared in December 2023 with the lead “Europe may be headed for something unthinkable”. The “unthinkable” that the author warned against “is the convergence of the center right and the far right in Europe” (Kundnani, 2023). Such convergence has gained momentum since, and not much time has been left to mobilise against it.

But it needs even more to get at the roots of the drama. It needs to bring inequality back on the political agenda to keep the prospect of more egalitarian societies in Europe alive – the prospect of societies based on shared responsibilities, ready and able to extend their responsibilities to the global issues of climate catastrophe and migration. And it needs to finally confront those who, decades before the rise of the extreme right, have taken inequality off the political agenda.

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CHAPTER 6

THE SOUTHERN INTERREGNUM AND AUTHORITARIAN POPULISM IN THE GLOBAL SOUTH

Alf Gunvald Nilsen

Introduction

The Global South in the early 21st century has become a cauldron of economic and political transformation. On the one hand, economic growth has propelled many southern countries into becoming what the World Bank (2018) has classified as “middle-income” states, notwithstanding that this growth has destabilised global geoeconomic and geopolitical power alignments across the North–South axis. On the other hand, the growth has been accompanied by deepening inequality and pervasive precarity, as evidenced by the fact that middle-income countries in the Global South are now home to over 70 per cent of the world’s poor (Sumner, 2016). In this context, political trajectories across Asia, Latin America, and Africa are undergoing significant transformation, most notably marked by a distinct turn towards the far right.

This turn has assumed different forms across national contexts. In Turkey and India, for instance, it has found expression in the enduring regimes of Recep Erdoğan and Narendra Modi. In countries such as Sri Lanka, Brazil, and the Philippines, in contrast, far-right governments have been more short-lived, but their emergence, nonetheless, signals

the rise of potent reactionary forces across different political terrains. Elsewhere, for example, in South Africa and Indonesia, the new far right exists as significant undercurrents, manifesting partly as nascent political parties and partly as movements situated outside the domain of parliamentary politics. Across national and regional settings in the Global South, the far right propagates populist political vocabularies that construct sharp divisions between an ‘authentic people’ (defined by religion, race and ethnicity, sexuality, or moral attributes) and internal enemies, collectively characterised as an amalgam of ominous Others whose nefarious activities must be controlled by a coercive state.

How should we conceptualise this turn towards right-wing populism in the Global South in the early 21st century? The field of populism studies has, of course, grown into a major academic industry in recent years. Yet, it remains overwhelmingly focused on the Global North and on political style, that is, on how authoritarian right-wing populism is enacted by leaders, parties, and movements. This orientation, often referred to as the performative turn in populism studies, centres on analyses of how right-wing populists rely on a political style founded on the construction of crude ideological binaries between a corrupt elite and a virtuous people, by public displays of aggression, and by political vocabularies that revolve around narratives of crisis and collapse, attributed to the enemies of the people (Moffitt, 2020; Masood & Nisar, 2020; Tuğal, 2021). While this approach has yielded valuable insights into the communicative strategies that authoritarian right-wing populists use to construct collective identities and popular support, it has offered comparatively little regarding the political economy of right-wing populism, particularly in the Global South. That is, it has shed limited light on how the far-right turn in Asia, Latin America, and Africa relates to the interplay between accumulation strategies, class formation, state forms, and major geoeconomic and geopolitical transformations. This chapter seeks to address that lacuna.

Departing from the predominant focus on political style, I propose that far-right politics in the Global South is best understood as a “hegemonic project” (Jessop, 1990:280). I argue that the hegemonic projects of the far right may usefully be conceptualised as a form of

“authoritarian populism” that secures subaltern consent to neoliberal orders within a specific conjuncture of uneven development (see Nilsen, 2025). I advance this argument in two stages. First, I outline an analysis of the present conjuncture in the Global South as an “interregnum” (Gramsci, 1971:276), centred on the exhaustion of the developmental potential of neoliberal accumulation strategies and the ensuing legitimisation crisis which confronts governing elites. Second, I develop an analysis of authoritarian populism as a hegemonic project that addresses this crisis by constructing inter-class support for reactionary politics, which serve to sustain a form of neoliberalism that has entered what Jamie Peck (2010) aptly refers to as its “zombie phase”. In conclusion, I reflect on the implications of this analysis for the future trajectory of democracy and capitalism in the Global South.

On the Southern interregnum

In its 2018 “Poverty and Shared Prosperity” report, the World Bank declared with optimism that only 10 per cent of the world’s population lived in extreme poverty – defined as living on less than \$1.90 per day. In the foreword of the report, then-World Bank President Jim Yong Kim described this as “the lowest poverty rate in recorded history” (World Bank, 2018:xi). The report also identified what it considered the principal driver behind this historical decline in poverty: “The progress has been driven by strong global growth and the rising wealth of many developing countries, particularly in the world’s most populous regions of East Asia and Pacific and South Asia” (World Bank, 2018:1). As is often the case with the World Bank’s assessments of development, the report accurately captured certain dimensions of early 21st century geoeconomic trajectories while omitting others (Nilsen, 2018). It is certainly true that many countries in the Global South have experienced robust growth since the end of the Cold War, enabling them to rise from low-income to middle-income status, as noted above. However, it is equally true, as indicated, that middle-income countries in the Global South remain home to the majority of the world’s poor (Sumner, 2016). How, then, should we interpret this

situation, in which significant growth coexists with persistent poverty, embedded within profoundly uneven and unequal developmental processes?

Some scholars of global development studies contend that the present moment represents a phase of ‘convergence’ between North and South in the world system. They argue that growth processes in the Global South, spearheaded by China, have generated increased revenues enabling countries in Asia, Latin America, and Africa to break with the orthodox neoliberal policy regimes previously promoted by the World Bank from the 1980s until the 2000s (see Horner & Hulme, 2019; Jepson, 2020). Additionally, it is asserted that countries in the Global South have transformed their growing geoeconomic strength into enhanced geopolitical influence, challenging Western dominance in established multilateral institutions while simultaneously forging new multilateral bodies such as BRICS (Stuenkel, 2016; Pieterse, 2018; Desai, 2013). Taken together, these trends are said to signal the emergence of a multipolar world order in which United States hegemony no longer holds uncontested sway.

In my view, however, these perspectives fail to capture the true nature of the developmental shifts underway in the Global South in the early 21st century. First, the decline in ‘inter-country inequality’ that is often cited as evidence of North–South convergence has been disproportionately driven by the rise of China. If either China or India were excluded from the data, the reduction in global inequality appears modest or even negligible (Sumner, 2021; Hung, 2021). Second, the policy flexibility made possible by increased revenue flows, largely a consequence of China’s demand for raw materials, proved far less resilient than anticipated during the commodity super-cycle of the early 2000s to mid-2010s (Kiely, 2015). Third, there is little evidence that emerging powers in the Global South have significantly withdrawn from neoliberal policy regimes within multilateral institutions such as the World Trade Organization. On the contrary, detailed research shows that countries like Brazil, China, and India have often championed free trade principles, insisting that northern and southern states adhere to these rules, even when doing

so undermines less powerful southern economies (Hopewell, 2016, 2022; Hung, 2016). Lastly, multipolarity cannot credibly be seen as an indicator of the rise of an anti-imperialist Global South capable of challenging the imperial power of the North. Instead, greater southern assertiveness in global geopolitics coexists with deep and persistent entanglements between North and South, forming what Li (2024) calls “antagonistic cooperation” that defines the current inter-imperial rivalry (Hung, 2022; Bieler & Morton, 2018: Chapter 7). This rivalry does not herald the end of inequality, precarity, or exploitation in the Global South; rather, it signals the rise of a multipolar order in which emerging powers are increasingly invested in the hyper-exploitation of labour and the consolidation of authoritarian governance (Li, 2023) to remain competitive with established northern centres of capital accumulation and geopolitical influence.

If the present conjuncture cannot be adequately conceptualised as the rise of a Global South which is recalibrating geoeconomic and geopolitical relations, what analytical framework might be more appropriate? My response is to turn to the work of Antonio Gramsci. Writing during the breakdown of the political and economic order that had dominated the 19th and early 20th centuries, Gramsci characterised such a moment as an “interregnum” in which reactionary and progressive forces contest the shape and direction of future development. “The crisis,” he asserted, “consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum, a great variety of morbid symptoms appear” (Gramsci, 1971:276).

Gramsci’s analysis, which emphasised enduring crisis, political deadlock, and the absence of a newly crystallised hegemonic order, provides an insightful entry point for a “conjunctural analysis” (Hall, 2017) of the Global South in the early 21st century. Unlike views that interpret crises as short-lived transitions between stable phases (Babic, 2020:769), Gramsci conceptualised the interregnum as an organic crisis arising from the internal contradictions of political and economic systems rather than from external shocks (Babic, 2020:771). For Gramsci, an interregnum plays itself out through long, multidimensional and transformative processes animated by eroding

hegemonic authority and contestation among emergent forces seeking to reconstruct hegemony on new foundations. The “morbid symptoms” Gramsci alludes to refer precisely to these emergent hegemonic projects, which are unlikely to resolve the contradictions of a decaying order (Stahl, 2019).

How might we apply this framework to the Global South today? We must return to the trends outlined above: the economic expansion that has allowed many states in Asia, Africa, and Latin America to attain middle-income status. It is clear that “a new material expansion”, largely driven by Asia and particularly China (Fernandez et al., 2022:71), has occurred, leading to a shift in global wealth hierarchies. In this regard, Karataşlı and Kumral (2017) argue that the world-system has moved from a historically stable “trimodal” structure of global wealth distribution, which prevailed in the 20th century, towards the current “quadrимodal” configuration. In the trimodal pattern, sub-Saharan Africa and East Asia formed the periphery of the world system, southern and eastern Europe, western Asia, and Latin America constituted the semi-periphery, while western Europe and North America composed the core. The new quadrимodal order consists of “a lower periphery, an upper periphery, a new expanded semi-periphery, and core regions” (Karataşlı & Kumral, 2017:48), with most emerging powers in the Global South located in the expanded semi-periphery as middle-income countries.

A defining feature of this expanded semi-periphery, as indicated, is that it also remains the epicentre of persistent poverty. As Sumner (2016) has demonstrated, middle-income countries in the South account for around 70 per cent of the world’s poor, measured against a poverty line of \$2.50 per day (Kanbur & Sumner, 2012). Crucially, poverty in these countries is not due to an absolute scarcity of resources but stems from the unequal distribution of wealth generated by recent growth (Sumner, 2016). Moreover, graduation out of absolute poverty remains highly precarious and the working classes of the Global South largely inhabit what Sumner (2021:3) terms “a fuzzy zone between absolute poverty and security from future poverty”, with various forms and intensities of precarity constituting the norm (Sumner, 2021:3, 36).

This situation is in large part the consequence of how, particularly since the 1990s, growth in the Global South has become dependent on integration into global value chains (GVCs). According to Sumner (2021), whilst GVC integration has enabled many low-income countries to ascend to middle-income status, the developmental benefits derived from participation in these value chains tend to decline over time, leading instead to “a diminished form of industrialisation” (Sumner, 2021:8) based on limited productivity gains and export growth. This has led to “stalled industrialisation accompanied by tertiarisation” (Sumner, 2021:10) and ultimately to an “immiserating form of economic growth” (Sumner, 2021:92), characterised by declining wages, weak employment growth, and expanding informal sectors. The net effect has been growing inequality within these countries and what Sumner characterises as “a transition from global poverty to global precarity” (Sumner, 2021:36; see also Kvangraven, 2021; Selwyn, 2019).

This trend represents a damning indictment of the neoliberal accumulation strategies that have shaped global economic activity since the 1990s. Whether through GVC integration or financialisation, neoliberalism has exhausted its developmental potential in the Global South. Indeed, neoliberalisation seems to have produced what Carroll refers to as “the death of development”, a model of capitalist accumulation premised on “broad-based cultivation of low-level, profit-oriented activity” (Carroll, 2016:140), incapable of driving the structural transformation traditionally associated with development (Carroll, 2023; Li, 2017).

These developmental contradictions lie at the heart of what I refer to as the southern interregnum of the early 21st century. For large sections of the population, neoliberal accumulation strategies fail to secure livelihoods beyond precarity, generating legitimisation crises that threaten to destabilise the hegemony of governing elites and dominant groups across Asia, Africa, and Latin America. The 2010s, widely described as the decade of “mass protest” (Bevins, 2023), bear testament to this, commencing with the Arab uprisings of 2011 and culminating in widespread protests in Chile, Lebanon, India, and

Hong Kong in 2019. Analysis of this wave of protests suggests that it was fuelled by “militant and ascendant working classes” alongside “growing sections of unemployed, excluded, and increasingly restive workers” (Karataşlı et al., 2015:197). Offensive protests “advancing new claims” intersected with defensive protests rallying around “previously won gains”, combined with rising class-based protests by surplus populations pushed into what Denning (2010) calls “wageless life” (Bernards & Soederberg, 2021; Li, 2017; Neilson & Stubbs, 2011).

This is not to suggest that all protests in the Global South in this era can be reduced to capital-labour conflicts. Rather, diverse issues, including democratic rights, corruption, gender and racial justice, and public service provision, have sparked widespread resistance. Yet, the emerging geography of poverty concentrated within these new middle-income countries remains highly volatile, posing serious challenges to existing hegemonic configurations even in emerging powers such as China, India, Brazil, and South Africa. Fundamentally, the southern interregnum revolves around the unresolved tension between the twin imperatives of accumulation and legitimation that all capitalist states must reconcile (O’Connor, 1973; Offe, 1984). In the early 21st century, elites across emerging powers confront increasingly complex disjunctions between these imperatives, which in turn fuel waves of popular protest. Recent developments in Sri Lanka, Ecuador, Peru, Senegal, Kenya, and Bangladesh suggest that such disjunctions will remain a defining feature of Global South political economies for the foreseeable future.

The responses to these crises take shape through hegemonic projects that attempt to reconcile accumulation and legitimation by mobilising support for national programmes of action – programmes that represent class-specific interests as national interests (Jessop, 1990:208; Stahl, 2019:340). Such projects construct elite alliances while securing subaltern consent through what Gramsci (1971:161) called a “compromise equilibrium” between dominant and subordinate interests. Importantly, hegemonic projects are intimately tied to specific accumulation strategies and their capacity to balance intra-capital relations and capital-labour dynamics: “It is thereby conditioned

and limited by the accumulation process” (Jessop, 1990:208). The particular ways in which these hegemonic projects operate in the southern interregnum, and how they shape the political economy of development in the early 21st century, can only be discerned through concrete empirical analysis. Accordingly, in the final section of this chapter, I examine one such hegemonic project, *authoritarian populism* (Hall, 2017), which has gained increasing traction across the Global South in the past decade and reflect on its implications for the future of development and democracy in the region.

On Southern authoritarian populism

In the first decade of the new millennium, many states across the Global South shifted decisively towards the far right. Foreshadowed by Recep Erdoğan’s rise in Türkiye during the early 2000s, a wave of authoritarian populism swept figures such as Mahinda Rajapaksa (Sri Lanka), Jair Bolsonaro (Brazil), Rodrigo Duterte (Philippines), and Narendra Modi (India) into power with substantial popular mandates (Tuğal, 2009; Karataşlı & Kumral, 2023; Wickramasinghe, 2022; Lapper, 2021; Curato, 2016; Nilsen, 2021). More recently, Javier Milei’s 2023 victory over centre-left candidate Sergio Massa in Argentina reaffirmed this trend, while in South Africa and Indonesia, authoritarian populism is emerging as a powerful undercurrent which threatens to reshape these countries’ political terrains (Rojas, 2024; Love, 2022; Yasih & Hadiz, 2023).

The rise of authoritarian populism is intimately tied to the political economy of the southern interregnum discussed previously. Authoritarian populism in the South constitutes one of the most explicit Gramscian morbid symptoms to emerge as a consequence of this interregnum, as governing elites attempt to reconstruct hegemony amidst the turbulence of exhausted neoliberal accumulation (Nilsen, 2024a, 2024b). Faced with widespread popular unrest, many governing elites have deployed authoritarian populism to secure subaltern consent for hegemonic projects that extend the lifespan of accumulation strategies whose developmental potential has been largely depleted.

As Stuart Hall (2017) has argued, authoritarian populism rests on political vocabularies that draw a boundary between what are deemed an authentic people and their internal enemies. Though originally developed to analyse Thatcherism in 1970s and 1980s Britain, Hall's conceptualisation remains highly relevant to the Global South in the early 21st century. Across Asia, Africa, and Latin America, these projects construct a virtuous people, defined by religion, race, ethnicity, sexuality, or morality, who must be defended from an amalgam of Others: religious minorities, racial and ethnic subalterns, queer communities, foreigners, criminal underclasses, dissenters, and corrupt elites. State coercion is framed as necessary to protect the people from these internal threats, while strongman leaders guide national prosperity (Nilsen, 2024a, 2024b).

Strikingly, these hegemonic projects have achieved cross-class support, fusing together economic elites, emergent middle classes, and precarious working classes. In Brazil, for example, Bolsonaro's 2018 campaign employed a populist discourse that pitted hardworking, law-abiding citizens against criminal elements, promising to unleash state power to restore order. Bolsonaro ultimately secured 55 per cent of the vote, including support from working-class voters who had experienced moderate social mobility under the Workers' Party which had been in power for the previous decade and a half (Hunter & Power, 2019; Rocha et al., 2021; Webber, 2020; Nunes, 2020; Chaguri & do Amaral, 2023; Evans, 2020).

A similar pattern unfolded in the Philippines, where Duterte won the 2016 presidency by appealing strongly to the working poor (Curato, 2016). As Thompson (2022:17) notes, Duterte's authoritarian populism conveniently diverted attention from the failure of economic growth to alleviate poverty in what was the poorest country in the ASEAN region. Duterte fused middle-class anxieties about social decline with the frustrations of the poor over stagnating economic growth and succeeded in constructing broad support without fundamentally departing from the tenets of neoliberal economic orthodoxy (Ramos, 2021).

In India, Narendra Modi has achieved three consecutive electoral victories for the Bharatiya Janata Party (BJP) by dramatically

expanding support among lower-caste groups and the poor (Jaffrelot, 2021). While the BJP's Hindu nationalist project was historically rooted in upper castes and affluent classes (Jaffrelot, 1996), Modi's electoral landslides in 2014 and 2019 were driven by his success in mobilising Dalits, other lower castes, and the working poor. Between 2004 and 2019, the BJP's share of lower-caste support increased from 23 per cent to 44 per cent, Dalit support from 13 per cent to 34 per cent, and poor voters from 16 per cent to 36 per cent. In 2019, the BJP secured backing from 44 per cent of Hindu voters across class and caste divides (Nilsen, 2023). Although the 2024 election weakened the BJP's parliamentary dominance, Hindu nationalism remains a formidable political force (Nilsen, 2024b).

These developments raise a key question: how is subaltern consent secured for authoritarian populist projects that advance neoliberal accumulation while deepening inequality and precarity? This chapter can only outline the contours of an answer, focusing on how authoritarian populism taps into complex "structures of feeling" (Williams, 1977) that permeate precarious subaltern life worlds. Harry Pettit (2019), in his work on unemployed youth in Egypt, identifies emotional cultures of precarity as instances where aspirations of upward mobility coexist with feelings of frustration and anxiety over potential decline. These affective contradictions are pervasive in zones of enduring precarity across the Global South, and authoritarian populism has been instrumental in channelling them into political support for dominant groups as part of an ongoing hegemonic project.

In Brazil, Pinheiro-Machado and Scalco (2020) illustrate how Bolsonaro's support among subaltern urban voters emerged from conservative subjectivities shaped by fragile social mobility under the Workers' Party and subsequent economic crises. Male workers, in particular, aspire to middle-class social status and are fearful of descending into poverty. These men, they argue, "built their identities as masculine breadwinners in opposition to those whose life was supposedly easy: [vagabonds] who receive social benefits, or unpunished bandits who, according to them, get things without working for them [...]" This narrative is necessarily structured upon

frustration and resentment, as well as a profound feeling of individual injustice that pitted the law-abiding worker against the [vagabond]" (Pinheiro-Machado & Scalco, 2020:17–18). The rise of violent crime exacerbated anxieties, allowing Bolsonaro to harness law-and-order narratives that cast hardworking citizens against criminal deviants (Nunes, 2020).

Similarly, in the Philippines, Curato (2016) has shown how Duterte's success lay in simultaneously activating hope for economic improvement and anxiety about violent crime. Kusaka (2017a, 2017b, 2020) argues that Duterte's rhetoric resonated with the "moral politics" of the urban poor, offering a neoliberal moral universe that contrasted virtuous entrepreneurial citizens with immoral criminals – especially drug offenders. In so doing, Duterte's rise marked a major shift in the hegemonic moral discourse and reflected a desire for discipline that cut across class lines.

These cases illustrate how the hegemonic project of southern authoritarian populism has succeeded in mobilising widespread support by addressing "real problems, real and lived experiences, [and] real contradictions" (Hall, 2017:185–186) in ways that bind subaltern structures of feeling to far-right politics and the reinforcement of neoliberalism. The effectiveness of the programme, however, varies across contexts, as reflected in the varying longevity of these regimes. Bolsonaro's tenure lasted one term, but his presidency cemented the far right's position within Brazilian politics (Silva, 2023). In the Philippines, Duterte exited office in 2022, but handed power to Ferdinand 'Bongbong' Marcos, who appointed Duterte's daughter as vice president and appears committed to an authoritarian trajectory (Curato, 2022).

In other cases, authoritarian populism has proven more enduring, offering deeper insight into its ability to secure subaltern consent. Modi's India exemplifies the durability of such a hegemonic project. Despite losing an outright majority in 2024 and being compelled to enter into a coalition government, the BJP remains central to what Jaffrelot and Verniers (2020) term India's "new political system", rooted in neoliberal Hindu nationalism (Nilsen, 2023). Modi's hegemonic project has

expanded support among lower castes, Dalits, and the poor in a context of deepening inequality where the top 10 per cent earn 50 per cent of national income and hold 65 per cent of the wealth, while the bottom 50 per cent earn only 13 per cent of income and own 6 per cent of the wealth. This occurred during the period between 2014 and 2022, when real wages for agricultural, construction, and non-agricultural workers grew by less than one per cent annually (Drèze, 2023).

Modi and the BJP succeeded in averting this social crisis from becoming a political one by offering “psychological wages” (Du Bois, 2014), a sense of belonging and dignity derived from inclusion within the Hindu nation. As Chacko (2018:31) argues, Modi’s project creates an entrepreneurial consumer regulated by Hindu nationalist culture, advancing personal mobility and national strength (see also Kaur, 2020; Cross, 2014; Jakobsen & Nielsen, 2020; Jaffrelot, 2021:103–111). This dual promise, of development and dignity, appeals to those precariously positioned near poverty, while offering lower-caste citizens symbolic elevation through Hinduness, in contradistinction to Muslims and Pakistanis (Jaffrelot, 2021:347). Sustained by the organisational network of the Hindu nationalist movement, active since the 1920s, these psychological wages reinforce popular trust in Modi’s government, providing cohesion for his hegemonic project. This cohesion may continue to drive rising inequality and democratic backsliding as India’s secular democracy undergoes deeper autocratisation. In this sense, Modi’s India offers a disturbing preview of what authoritarian populist hegemonic projects may entail for states and societies across Asia, Africa, and Latin America as the southern interregnum extends further into the 21st century.

Conclusion

The rise of authoritarian populism in the Global South reflects a deep structural crisis within neoliberal capitalism. As neoliberal accumulation strategies exhaust their developmental potential, elites across Asia, Africa, and Latin America face increasingly volatile tensions between accumulation and legitimation. Authoritarian

populism has emerged as a hegemonic response to these tensions: it mobilises subaltern consent by tapping into the lived experiences of precarity, while simultaneously protecting the accumulation strategies of the elite that prolong inequality, exclusion, and informalisation.

Crucially, these projects do not simply manipulate or manufacture consent. They engage real contradictions – economic stagnation, stalled mobility, rising insecurity – but displace blame onto internal enemies, reframing structural crises as moral crises of lawlessness, corruption, or cultural deviance. In doing so, they offer subordinate groups the psychological wages of belonging to an authentic, virtuous people while marginalising those designated as threats to national cohesion. Through this dynamic, authoritarian populism converts widespread disaffection into support for projects that leave underlying political-economic contradictions unresolved or indeed exacerbated. Furthermore, authoritarian populism is not a uniform or guaranteed solution for the crisis of ruling elites. Its capacity to construct durable hegemonic projects varies across national contexts, shaped by local histories of class formation, state capacity, and institutional legacies. In Brazil and the Philippines, as discussed, authoritarian populist regimes were able to capture the state but struggled to stabilise a new hegemonic order beyond one or two electoral cycles. In India, conversely, Hindu nationalism under Modi has successfully reconfigured state and society, achieving remarkable inter-class and inter-caste support while entrenching neoliberal Hindu nationalist rule.

More broadly, the durability of these projects raises sobering questions about the future trajectory of democracy and capitalism in the Global South. The southern interregnum appears set to persist as accumulation strategies continue to falter while political orders fragment. In this space, authoritarian populism offers an increasingly attractive solution for elites struggling to govern volatile societies. Its expansion deepens the risks of democratic erosion, intensified repression, exclusionary nationalism, and the normalisation of inequality as a structural feature of 21st century capitalism. This is an unsettling prospect, namely that authoritarian populism may not simply represent a transitory political moment but rather a

stable form of rule within the ongoing reorganisation of global capitalism. As the southern interregnum extends further into the 21st century, authoritarian populism offers a political formula capable of simultaneously managing social unrest and reproducing neoliberal political economies marked by precarity, exclusion, and fragmented democracies.

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CHAPTER 7

IMPLEMENTING SDG AGENDA 2030: THE NEED FOR A REGULATIVE ORDER?

Tom Skauge

Introduction

In 2015, the United Nations (UN) adopted the 2030 Agenda for Sustainable Development, which set out 17 Sustainable Development Goals (SDGs). These goals, their associated sub-targets, and the suggested implementation strategies can be understood as a global democratic attempt to curb the excesses of capital within a neoliberal order. The agenda also placed new demands on the industrialised world, particularly the wealthiest states. Yet, 10 years later, an urgent question remains: has the 2030 Agenda succeeded in constraining the dynamics of global hyper-marketisation? (Slobodian, 2025).

This chapter engages with three interrelated themes: (1) implementation strategies and their framing as either normative or regulative orders; (2) the prospects of achieving the SDGs within the present global context; and (3) the implications of the new Trump-led liberal order for SDG implementation.

Recent assessments highlight the gravity of the challenge. According to the “Sustainable Development Report 2024”,

On average, only 16 per cent of the SDG targets are on track to be met globally by 2030, with the remaining 84 per cent showing limited progress or a reversal of progress. At the global level, SDG progress has been stagnant since 2020, with SDG 2 (Zero Hunger), SDG 11 (Sustainable Cities and Communities), SDG 14 (Life Below Water), SDG 15 (Life on Land), and SDG 16 (Peace, Justice and Strong Institutions) particularly off track. (Sachs et al., 2024:viii)

The persistence of this stagnation raises fundamental questions. Why has implementation failed? Why has the near-unanimous commitment of states not translated into transformative action? Why have the normative and moral imperatives embedded in the SDGs proven insufficient to generate the political will and institutional change required?

One explanation lies in the global diffusion of neoliberal ideology, which has systematically reduced the capacity of states to intervene directly in economic systems. Neoliberal restructuring has left states with few instruments beyond market mechanisms, and these mechanisms have consistently proven inadequate for realising the SDGs. Indeed, markets often provide perverse incentives that exacerbate inequality, entrench unsustainable practices, and erode prospects for social and ecological transformation.

The Kyoto Protocol of 1997 and its 2005 extension represented the last legally binding global agreement on climate action (United Nations Climate Change, 1997). Since then, the international order has relied primarily on voluntary commitments, soft governance tools, and market-based instruments. Yet experience has demonstrated that commitments towards ‘greening’ the economy tend to collapse when profit margins diminish or when public funding is insufficient.

This chapter focuses specifically on the climate and biodiversity goals, SDG 13, 14, and 15. These goals starkly illustrate how democratic demands for sustainability are undermined by the limited regulatory capacity of neoliberal states. The central question, therefore, is: what alternative strategies and political configurations might make the

achievement of these goals feasible? In response, this chapter argues for the establishment of a new regulative order, an institutional framework that translates the normative commitments of the SDGs into enforceable mechanisms capable of reshaping socio-technical systems and accelerating transitions.

A normative vs regulative order

The question of how states can intervene more decisively in the economy, disciplining capital flows, shaping markets, and reorienting investment, is central to understanding the failures of SDG implementation. Such intervention requires not only new instruments of governance but also a rethinking of the relationship between normative and regulative orders.

Talcott Parsons, in *The Structure of Social Action*, identified three interlinked modes of action: technology, economy, and politics (Parsons, 1979:549). These systems, however, cannot be understood in isolation. They are structured and guided by underlying forms of regulation, rules, and expectations that bind actors together, which, in turn, are tied to the normative order. Parsons (1979, 1990) argued that the normative order constitutes a system of values, rules, and shared expectations that evolve within democracies and gain legitimacy through common consent. Shared values, obligations, and sentiments of loyalty enable societies to maintain stability, engage in collective deliberation, and accept authoritative decisions, even when such decisions conflict with individual interests.

Building on this, Scott (1987:37) emphasised that normative rules add a prescriptive and obligatory dimension to social life, shaping conduct through internalised values as much as through external sanctions. He proposed a typology of institutional authority consisting of three ‘pillars’: normative, cultural-cognitive, and regulative. The regulatory pillar is explicitly coercive, relying on formal law, sanctions, and enforcement. Its legitimacy rests on democratic lawmaking and the rule of law, interpreted and implemented by legal institutions such as courts and police. When legality and democratic legitimacy

reinforce one another, the regulative order provides a foundation for stable governance.

Neoliberalism and the weakening of normative commitments

Yet in practice, normative and regulative orders have been eroded by neoliberal restructuring. Within neoliberal ideology, democracy is often depicted as a threat to the rationality of the market. Faith in the collective value of public institutions has been weakened, leaving the market as the dominant mechanism of governance. The consequence is a growing misuse of power: democratic institutions are hollowed out, while far-right movements mobilise around demands for privatisation, deregulation, and an increasingly weakened state.

Business ethics: Between Porter and Bakan

The debate within business ethics highlights this tension. Porter and Kramer's (2011) notion of "shared value" assumes that business and society ultimately benefit from the same outcomes, suggesting that firms can align profitability with social progress. By contrast, Bakan's influential critique in *The Corporation* (2004) frames corporations as machines for externalising costs, with a singular focus on shareholder value. From this perspective, corporate responsibility is little more than a tool of public relations, designed to secure legitimacy without altering harmful practices. This divergence reflects the broader dilemma: can voluntary, normative commitments, such as Corporate Social Responsibility (CSR), meaningfully redirect capital towards sustainability, or is coercive regulation required?

The limits of international normative agreements

International institutions have historically relied on treaties as a substitute for binding legislation. As Baber and Bartlett (2011:654) note, treaties represent the closest equivalent to global legislation,

requiring negotiation followed by domestic ratification. The United Nations Framework Convention on Climate Change (UNFCCC), for example, was negotiated at the 1992 Earth Summit but only entered into force after ratification by 50 states.

Yet treaties remain weak instruments, dependent on voluntary compliance. Even within the European Union (EU), where regulations and directives are legally binding, legitimacy often falters if democratic deliberation and value consensus are lacking. Moreover, global trade regimes frequently undermine state sovereignty by prioritising the protection of capital. Investor-State Dispute Settlement (ISDS), for instance, allows corporations to sue governments for regulatory changes that threaten investments, thereby privileging private capital over democratic decision-making (Thrasher, 2022).

Normative vs regulative tools for sustainability

The key question, then, is whether normative order (voluntary commitments, CSR, ESG frameworks) can provide adequate incentives for sustainable action, or whether a stronger regulative order, with legal sanctions, monitoring, and enforcement, is required. In that respect, the EU provides a useful taxonomy:

- Regulations are binding legislative acts applied across the Union.
- Directives are binding in terms of goals but leave discretion to states on implementation.
- Decisions are binding on specific actors (e.g. states or firms).
- Recommendations and Opinions are non-binding instruments expressing preferred actions (European Union, 2025).

In this taxonomy, normative order aligns with recommendations, opinions, and voluntary CSR practices, while regulative order corresponds to binding regulations, directives, and enforceable decisions. Both orders require institutional support, but the neoliberal turn has tilted the balance decisively towards normative instruments, undermining the state's regulatory capacity.

Business ethics, CSR and ESG debates

The question of whether business can meaningfully contribute to sustainable development raises a longstanding debate within the field of business ethics. Central here are the competing visions of Corporate Social Responsibility (CSR) and the more recent frameworks of Environmental, Social and Governance (ESG). Both have shaped global discourse on the role of firms in advancing the SDGs.

Shareholder vs stakeholder orientations

The foundational divide in business ethics has often been cast in terms of shareholder primacy versus stakeholder theory. Milton Friedman (1970) argued that the sole social responsibility of business is to increase profits within the rules of the game, leaving other societal goals to politics and government. By contrast, Edward Freeman's stakeholder theory (Freeman, 1984; Freeman & Reed, 1983) posits that businesses create value through relationships with a broader set of actors, including employees, communities, and the environment.

Stakeholder theory thus expands the scope of responsibility beyond financial returns to include "People" and "Planet" alongside "Profit, the so-called Triple Bottom Line" (Elkington, 1997). Yet this perspective is not without critics. Scholars have questioned its vagueness: which stakeholders should be prioritised, on what grounds, and with what authority? (Mitchell, 1997; Sjäfjell, 2017, 2020). Mitchell's influential framework suggests three criteria for identifying stakeholders – power, legitimacy, and urgency – though operationalising these criteria remains contested.

CSR as normative commitment

The rise of CSR in the 1990s was partly driven by reports such as South Africa's King Report, which called for ethical standards in corporate governance (Judin, 2020). CSR has often been framed as a voluntary, normative approach to sustainability, emphasising transparency and

self-regulation. UN initiatives such as the Global Compact (UN, 2000; UN Global Compact, 2025) provide reporting frameworks that encourage firms to disclose practices related to labour rights, environmental impact, and anti-corruption measures (Ruggie, 2008, 2011).

Yet critics like Bakan (2004) argue that CSR frequently functions as a form of ‘greenwashing’, a public relations strategy that legitimises harmful practices rather than transforming them. From this perspective, CSR lacks the regulatory teeth needed to discipline capital, serving instead to protect business-as-usual operations.

ESG and the governance turn

More recently, ESG frameworks have gained prominence, particularly within financial markets. Unlike CSR, which emphasises voluntary ethical commitments, ESG integrates sustainability criteria into investment decision-making. In this literature, the concept of ‘governance’ replaces profit as the third pillar, alongside environmental and social considerations (Eccles & Viviers, 2011; Eccles et al., 2020). ESG thus reframes sustainability in terms of risk management, investor responsibility, and fiduciary duty.

Despite its popularity in academic and public discourse, ESG remains deeply contested. Studies have found that ESG ratings vary across providers, raising questions of consistency and reliability (Eccles & Strohle, 2018). Critics also highlight that ESG practices often fail to produce substantive environmental or social improvements, instead generating bureaucratic reporting exercises that may divert attention from structural change. The prevalence of greenwashing within ESG reporting confirms that normative commitments, absent regulation, often remain symbolic (USC Annenberg Center for Climate Journalism and Communication, 2023).

From normative to regulative approaches

The shareholder–stakeholder debate, the limits of CSR, and the contested nature of ESG converge on a central question: can normative

commitments by businesses drive transformative change, or is a shift towards binding regulative orders essential?

The evidence suggests that while CSR and ESG have introduced valuable frameworks for sustainability, they remain constrained by voluntary compliance. Within a neoliberal order, businesses are unlikely to subordinate profit motives to ecological or social concerns without coercive regulatory frameworks. Thus, the debate over CSR and ESG ultimately highlights the limits of normative order and underscores the need for regulative orders, binding laws, sanctions, and monitoring mechanisms to ensure meaningful progress on SDGs.

Planetary boundaries, climate and biodiversity evidence

The failures of SDG implementation are most evident in the domains of climate action (SDG 13) and biodiversity protection (SDGs 14 and 15). These goals directly confront the ecological limits of human activity, yet the available evidence suggests that global governance structures remain far from adequate.

Research from the Stockholm Resilience Centre (2024) highlights the concept of ‘planetary boundaries’, ecological thresholds within which humanity can operate safely. Recent updates conclude that six of nine boundaries have already been transgressed, including climate change, biodiversity loss, land-system change, freshwater use, and biogeochemical cycles (Richardson et al., 2023). Ocean acidification is approaching critical levels, while atmospheric aerosol loading has exceeded safe limits regionally. Only stratospheric ozone has shown some recovery, illustrating the rare success of binding international regulation.

This evidence underscores a systemic crisis: humanity is consuming natural resources and altering ecosystems at a pace far beyond the Earth’s regenerative capacity. The persistence of these trends directly undermines the viability of the SDGs.

Climate change: The warming planet

Data from the Copernicus Climate Change Service (C3S) confirms that 2024 was the warmest year on record globally, with the annual mean temperature surpassing 1.5°C above pre-industrial levels for the first time (Copernicus Climate Change Service, 2025). The Mauna Loa Observatory in Hawaii measured atmospheric CO₂ concentrations at 427 ppm in February 2025, a level 52 per cent higher than in 1750 (Global Monitoring Laboratory, 2025).

The Intergovernmental Panel on Climate Change's (IPCC) (2023) report concludes with "high confidence" that human activity, primarily greenhouse gas emissions, has unequivocally caused global warming, producing widespread and adverse impacts on ecosystems and communities. Vulnerable populations, who have historically contributed least to emissions, are disproportionately affected. These findings make clear that SDG 13 will not be met by 2030. Even where individual European states have reduced emissions since 1990, global emissions continue to rise, with major producers such as Norway (oil) and South Africa (coal) showing little political willingness to shift decisively.

Biodiversity loss: The sixth mass extinction?

Parallel to climate change, biodiversity loss has accelerated dramatically. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES, 2019, 2024) warns that 14 of 18 categories of "nature's contributions to people" have declined since 1970. Genetic diversity and ecosystem integrity are collapsing, threatening the biosphere's ability to regulate planetary systems.

The Kunming-Montreal Global Biodiversity Framework (2022) sought to address these trends, setting targets to protect 30 per cent of land and sea by 2030 and to restore degraded ecosystems. Yet implementation remains weak. More than 1,000 researchers recently warned the Norwegian Parliament that its biodiversity commitments lack effective enforcement tools (Vandvik, 2025). This disjuncture between knowledge and political action epitomises the SDG impasse.

The knowledge–action gap

Critically, the challenge is not a deficit of scientific knowledge. Climate and biodiversity science have provided clear roadmaps for decades. Rather, the crisis reflects a failure of governance: normative commitments and voluntary reporting schemes (CSR, ESG) have proven insufficient, while strong regulative frameworks remain politically contested. The result is a widening gap between what we know must be done and what governments and markets are willing to implement. The pursuit of the SDGs does not unfold in a political vacuum. Recent global developments illustrate how shifts in governance, ideology, and power relations actively undermine the conditions necessary for sustainability transitions.

The return of Trump-era politics has reasserted a deregulatory agenda hostile to climate action and biodiversity protection. In March 2025, the US Environmental Protection Agency (EPA) announced plans to roll back more than two dozen environmental rules, including regulations on emissions from cars and power plants, and limits on soot and mercury pollution (Copley et al., 2025). EPA Administrator Lee Zeldin described this as the “most consequential day of deregulation in U.S. history”. While framed as deregulation in the service of economic freedom, these measures represent a direct assault on the regulative order underpinning SDG 13 (climate action).

The administration has also sought to redefine its international role. In a meeting with African leaders, the US Energy Secretary declared that “fossil fuels are the future”, explicitly endorsing coal as a development path for Africa (Bearak, 2025). By dismantling initiatives such as Power Africa, launched under the Obama administration, the US signalled its abandonment of multilateral frameworks in favour of a return to fossil fuel geopolitics.

In the United Kingdom (UK), the Conservative Party under Kemi Badenoch became the first major political force to openly question the country’s legally binding 2050 net zero target (Jones, 2025). Although the Labour government has maintained climate commitments, it has faced criticism from civil society organisations such as the Green

Alliance, which accuse it of downplaying the extent of ecological degradation. The push for mandatory nature-risk reporting reflects an attempt by civil society to create binding obligations on business, but the political consensus around climate ambition is fracturing.

The EU has often been portrayed as a leader in climate and biodiversity governance. Initiatives such as the European Green Deal (European Commission, n.d.), the Corporate Sustainability Reporting Directive (CSRD) (European Commission, 2025a), and the EU Taxonomy for Sustainable Activities (European Commission, 2025b) represent significant attempts to embed regulative order into economic systems. However, business groups have resisted these measures, denouncing them as excessive bureaucracy and lobbying for “simplification packages” aimed at weakening reporting obligations (European Commission, 2025c). Thus, while the EU has demonstrated regulatory ambition, the backlash reveals the fragility of its political consensus. Regulatory frameworks risk dilution under pressure from business interests and populist political currents, threatening the credibility of Europe’s leadership.

Norway exemplifies the contradictions of sustainability governance in resource-rich states. Despite ambitious commitments to emission reductions and electrification, the political establishment continues to support fossil fuel expansion. In January 2025, right-wing leader Sylvi Listhaug declared that the Norwegian oil industry should operate “for at least 100 years”, while Conservative Party deputy leader Tina Bru dismissed the notion of “oil shame”. At its March 2025 National Assembly, the Conservative Party approved new exploration in sensitive fisheries areas off Nordland and Troms.

These positions reflect a powerful political narrative that frames fossil fuels as essential to national prosperity, even as Norway positions itself as a global leader in climate diplomacy. The result is a policy duality: climate ambition on paper, coupled with continued fossil fuel extraction in practice.

In contrast, African states face a stark dilemma: whether to pursue fossil fuel development to meet urgent energy needs or to invest in renewable alternatives. The Trump administration’s encouragement

of coal development underscores the geopolitical pressure to adopt carbon-intensive pathways. At the same time, structural inequalities in global finance limit the capacity of African states to fund renewable transitions at scale. This tension reflects the broader asymmetry of the global economy: the Global South is disproportionately burdened by climate impacts while constrained by the legacy of Northern overconsumption.

A global political backlash against SDGs

Taken together, these developments illustrate the rise of a global backlash against the SDGs, particularly those relating to climate and biodiversity. Across contexts, governments are retreating from binding commitments, privileging economic competitiveness, and reasserting fossil fuel dependency. The normative legitimacy of the SDGs is therefore increasingly undermined, while the regulative orders required for enforcement are systematically dismantled or weakened.

The result is a widening gulf between the global consensus expressed in Agenda 2030 and the actual trajectories of national and international politics. The very period in which transformative action is most urgently required is thus characterised by fragmentation, rollback, and resistance.

Concluding reflections

The evidence presented in this chapter points to a sobering conclusion: the SDGs will not be achieved by 2030. Despite the global consensus surrounding Agenda 2030, progress has stalled across most targets, with climate and biodiversity goals alarmingly off track. The persistence of this shortfall reflects not a lack of knowledge but rather the inadequacy of governance structures dominated by neoliberal ideology.

The reliance on normative orders, voluntary commitments, CSR initiatives, ESG frameworks, and reporting obligations has proven insufficient to confront the systemic drivers of ecological degradation. While such instruments may generate transparency and dialogue,

they lack the coercive capacity required to alter entrenched patterns of capital accumulation, resource extraction, and overconsumption. In practice, normative tools often function as instruments of greenwashing, legitimising the status quo while masking structural inaction.

If the SDGs are to retain credibility as a global framework, they must be supported by a stronger regulative order. This entails the use of binding legislation, enforceable sanctions, and institutional mechanisms capable of disciplining market behaviour. Regulatory measures must extend beyond reporting to include taxation, prohibitions, and binding emission reduction targets, alongside mechanisms for monitoring and enforcement at national and international levels.

Such a regulative order would necessarily require states to reclaim policy space eroded by neoliberal restructuring. It would also demand the revitalisation of democratic legitimacy: regulations must be grounded in public consent and supported by participatory institutions. In this sense, strengthening regulation does not mean weakening democracy, but rather extending it, making democratic institutions capable of shaping markets in alignment with ecological and social imperatives.

Achieving such a transformation will require broadening democracy beyond its narrow liberal form, creating space for social solidarity economies and forms of knowledge production grounded in diverse cultural and ecological realities. As this chapter has argued, knowledge is not only descriptive but also constitutive: it shapes the boundaries of what is politically possible. Academic, civic, and institutional knowledge must therefore play a critical role in legitimising stronger regulatory frameworks and in mobilising societies towards transformative change.

A warning and a possibility

The global political context, however, points in the opposite direction. Deregulation in the US, backsliding in the UK, contradictions in Norway, and the continued dependence within Africa on fossil fuel

development all indicate a growing backlash against sustainability governance. The emergence of this anti-SDG politics highlights the fragility of the current normative consensus and the urgent need to defend and expand regulatory institutions.

Yet there remain grounds for cautious optimism. The EU continues to advance ambitious regulatory frameworks, and global investment in renewables has accelerated, with 92 per cent of new electricity capacity in 2024 deriving from renewable sources (UN News, 2025). These developments suggest that when states and institutions commit to a regulative order, grounded in democratic legitimacy, meaningful progress is possible.

The SDG crisis thus confronts us with a stark choice: either to continue down the path of weak normative commitments, risking further ecological breakdown and social inequality, or to embrace a transformative regulative order that re-embeds markets within democratic institutions. The challenge is not merely technical or economic but profoundly political: it requires confronting neoliberal ideology, reclaiming the regulatory state, and reimagining democracy itself. Only through such a transformation can the vision of Agenda 2030 – a world that balances human wellbeing with the limits of the Earth’s ecosystems – move from aspiration to reality.

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CHAPTER 8

THE SUSTAINABLE DEVELOPMENT GOALS AND THE ECO-SOCIAL DEVELOPMENT MODEL: A CHALLENGE TO THE NEOLIBERAL WORLD?

Tor Halvorsen

The United Nations 2030 Agenda for Sustainable Development, and the 17 Sustainable Development Goals (SDGs) embedded within it (United Nations, 2015), aptly synthesise the debates surrounding our present development trajectory and the urgent need for change. What the agenda and the goals share is a call for a fresh way of thinking: about how capitalism is organised, how we consume and produce, how we use energy, and most importantly, how we might ensure that human wellbeing becomes possible for all – given the finite resources of the Earth and the reality that only around 30 per cent of the global population, mostly men, currently enjoy what in parts of the Western world is considered ‘decent work’, meaning a normal working day with a living wage.

The question then becomes: what does the ‘transformative shift’ demanded by the UN Agenda 2015 mean in an era where economic globalisation has widened the divide between the West and the rest; where poverty and inequality are expanding; where warfare increasingly replaces cooperation between states; where most

people on Earth still lack access to decent work; and where the vital reproductive work, largely performed by women, that ensures our daily survival remains unrecognised and uncounted? Moreover, the recent surge of ethno-nationalism has fuelled anxieties within and across nations, accompanied by rising xenophobia and conflicts. A form of social fascism, survival of the strongest, of the wealthiest individuals and nations, is spreading. As a result, it becomes increasingly difficult to assert a shared global citizenship or the universal right of all human beings to a decent life. The SDGs, in seeking to ensure that ‘no one is left behind’, thus stand directly confronted by the social fascism now spreading across the globe.

The normative position of this chapter is that a truly transformative shift must break with the prevailing hegemonic development model, and the forms of knowledge on which it is built, and must instead embrace an eco-social model guided by values other than economic growth as we have traditionally pursued it. Crucially, this also requires restoring meaningful democracy. Such a model directly confronts the ethnonationalist reactions provoked by neoliberal globalisation, reactions that neoliberalism itself skilfully exploits for its reproduction. The central question is how the debate on the SDGs, especially as they come up for revision, can focus on the radical changes required in global capitalism. Furthermore, it is essential to consider how knowledge, now and in the future, can help foster a continuous broadening of democracy, beyond its narrow (neo)liberal form, and support collective efforts to build a socially just, solidaristic society within an economy that remains within the planet’s ecological limits.

The SDGs and their background documents have been described by Pekka Eskelinen (2021) as rhetorically and epistemologically embedded within a neoliberal political framework, albeit one that includes a limited social policy element (similar, perhaps, to the German ordoliberal tradition). In his close reading, Eskelinen demonstrates how neoliberal logic permeates the economic vision behind the SDGs. My argument here is that if the SDGs, whether in their current or future revised form, are to contribute meaningfully to global transformation, they must first liberate themselves from these

neoliberal constraints and promote institutional changes that foster genuine eco-social development.

A turning point?

After decades of neoliberal hegemony, which has reshaped our institutions to serve global capitalism, this dominance is, at least on paper, now being challenged by the agreement reached in September 2015 through the adoption of the SDGs. In these documents, there is explicit talk of the need for a formative shift in our development model to meet the growing eco-social challenges of our time. When viewed holistically and as interconnected, the SDGs, despite their continued emphasis on technology, markets, and neoliberal governance strategies favouring unlimited growth, can also be read as a critique of the effects produced by this very model: that it generates more problems than it can resolve.

Indeed, growing knowledge of global challenges has led to several related international agreements that address the preservation of nature, oceans, air quality, and human relations, all framed within the logic of sustainability as articulated by the SDGs. These agreements suggest that the SDGs, when backed by such global commitments, can be seen as representing a critical and alternative *project* to the Western neoliberal development model that has now become globalised. If future revisions of the SDGs are to wield genuine influence and lead us towards an alternative development trajectory, it is precisely this interpretation of the SDGs that must be advocated and supported.

From the Western development model to a global alternative?

The UN Agenda, particularly when viewed from the perspective of the Global South, appears deeply embedded in the Western value system, built around liberal democracy, rule of law, human rights, industrialisation, the ideal of full-time ‘normal’ work, and a model of continuous economic growth.

Yet, alongside this Western framing, there has also emerged what might be termed a global critique. As already indicated through agreements concerning air, water, and land, these critiques demand more fundamental changes, a genuine formative shift that breaks with the prevailing development paradigm. As stated explicitly in paragraph 9 of the UN Agenda 2015, what is now required is not mere economic growth in conventional terms, but growth in ‘wellbeing’: a form of socially committed growth that reduces poverty and inequality while operating within environmental limits that preserve nature. Furthermore, when the power of capital ownership and private economic decision-making threatens democratic values, the latter must take precedence.

This is a radical idea that is far from easy for all participants in the SDG negotiations, such as state bureaucrats, academics, and non-governmental organisations (NGOs), to accept. Accordingly, the UN Agenda 2015 embodies substantial ambiguity and compromise, reflecting unresolved conflicts between negotiating parties on numerous issues, particularly around democracy and neoliberal models of economic growth. What kind of economic growth is still acceptable, and who should benefit from it? These questions continue to generate intense debates that hold serious implications for how we interpret and apply the SDGs today and in the future (Halvorsen & Higgins, 2020).

In addition, the extent to which values like the rule of law, democratic governance, and the protection of human rights, values largely rooted in Western historical experience, can serve as globally valid principles remains contested. These values, while claimed universally, are often violated by the very neoliberal regimes that present themselves as their originators. This creates space for a critique of neoliberal interpretations of the SDGs and calls for a more radical reading, one that would allow concrete action towards realising these values within the eco-social development framework. The first essential step in this process is to dismantle neoliberal policies and allow democratic principles to guide our critiques of current economic growth patterns and the formulation of alternatives.

The neoliberal

As I will demonstrate, the appeal to Western values is not necessarily at odds with neoliberalism, despite the fact that neoliberalism has worked systematically to transform and, in many ways, dismantle democratic societies. As Wendy Brown (2016) has observed, neoliberal policies have not prevented the erosion of the demos, the democratic sovereign people. Neoliberal discourse, while invoking the language of 'liberal democracy', seeks to protect capital from democratic control, to transform the state into an instrument for constructing markets wherever possible, and to redefine 'good governance' as public support for private enterprise, often at the expense of welfare and social protections.

At this juncture, we must ask how realistic the notion of a 'turning point' truly is in today's world. As previously emphasised, approximately 70 per cent of the global population remains outside the formal world of decent work. Meanwhile, the industrial strategies of most OECD (Organisation for Economic Co-operation and Development) countries continue to consume resources at nearly double the planet's regenerative capacity each year. Inequality and public poverty are escalating at unprecedented rates. Nevertheless, neoliberal theorists have convinced most governments that 'human capital development', combined with continued industrial growth, will eventually generate decent work for all. Yet the world is increasingly governed by autocrats indifferent to the SDGs, and political leaders who are unwilling to pursue the institutional and policy changes necessary to realise them. Many dismiss the SDGs as little more than a list of good intentions.

Such positions, however, are entirely contrary to any serious strategy for a transformative shift. Moreover, we must recognise how difficult systemic change will be as long as world leaders remain unwilling to prioritise the SDGs when they might threaten their regimes. The prevailing principle remains: security first, growth first, ethnonationalism first. Whenever the SDGs, with their strong emphasis on environmental sustainability, equality, and global citizenship, conflict with these priorities, they are invariably sacrificed.

But is there hope?

Despite these obstacles, there are grounds for cautious optimism. Under the banner of the UN's call for a 'transformative shift' and the development of a new model, an eco-social and social-solidarity economy is beginning to emerge as a moral and normative alternative to neoliberal hegemony. This alternative offers the potential to unify many otherwise fragmented and uncoordinated critical voices that oppose contemporary neoliberal capitalism, including labour unions, environmental movements, women's organisations, peace movements, anti-nuclear movements, and others.

Particularly important is the growing role of the academic world, where many scholars are now using the SDGs to frame research that critiques the present neoliberal development model and fosters alliances with democratic forces. What unites these diverse actors is a shared demand for a new, just, and sustainable human-nature relationship, one that breaks decisively with the exploitative logic of capitalism as it has thus far operated.

Such a transformation also requires looking backwards: to earlier economic experiments and historical traditions that organised production, work, governance, technology, and nature in ways not driven solely by markets, private capital, and profit. These past models can provide inspiration for developing alternative futures in which justice, equality, and ecological sustainability take priority over economic growth for its own sake.

Social agents for change: A new beginning

Societal change occurs through social movements that cut across social divisions and build broad class alliances. These movements, in their search for new knowledge about how to manage human-nature relations, develop alternative norms that directly challenge the hegemonic neoliberal narrative. Neoliberalism has long penetrated society with slogans such as 'human capital', 'innovation',

‘entrepreneurship’, and its unwavering defence of private ownership of capital and knowledge (including control over digital technologies and intellectual property frameworks such as the Trade Related Intellectual Property Rights (TRIPS) Agreement).

The success of neoliberalism rests largely on its alliances with powerful actors who work behind the scenes to institutionalise neoliberal norms globally. In contrast, the emerging social movements advocating an eco-social model increasingly rely on knowledge developed to support alternative economic and political structures.

These movements resist the marginalisation of women’s (re) productive labour, the erosion of standard working hours in the Western world, and the decoupling of growth from wages and rewards that exacerbates inequality. They also challenge the absence of redistributive mechanisms tied to ownership of land and capital, the expansion of public poverty that undermines welfare provision, and the persistent underdevelopment of low-welfare nations, so-called ‘developing countries’. Crucially, these struggles also address environmental degradation and the need for new, more just interactions between humans and nature, including respect for Indigenous populations.

Many of these issues have been brought to light through research and knowledge production that aims to decolonise Western epistemological hegemony and foster genuinely global approaches to development. Neoliberalism has colonised not only politics but also academic and intellectual life, restructuring universities, work environments, and most institutional frameworks according to its logic. It has become a global movement colonising nearly every part of the world.

Thus, any countermovement must be global in scope. While the UN Agenda 2015 remains embedded within Western intellectual traditions, as previously discussed, it simultaneously adopts a global orientation. As we have argued, the Global South increasingly holds the key to the future of global development and the SDGs themselves, especially as the revision process now begins (Halvorsen & Higgins 2020).

The neoliberal society vs democracy

Democracy is premised on openness, participation, equality, freedom of expression, and universal access to information and knowledge within an open public sphere. When democratic and capitalist interests collide, democracy must prevail. In sharp contrast, the capitalist firm operates according to principles of inequality, secrecy, hierarchical (often patriarchal) decision-making, and the right of owners and managers to pursue private goals using capital, knowledge, and wage labour as they see fit. While democracy advances society through legally formalised decisions based on a measure of consensus, the economy functions on contracts between so-called 'willing' participants. In reality, however, these contracts are heavily shaped by capital's dominant bargaining power, with the state and judiciary protecting private ownership and securing capital's ongoing access to labour.

The state, in turn, not only secures citizenship rights but also determines who qualifies for such protections and which rights they may access, such as healthcare, welfare, education, job security, and housing, as persistent patterns of racism across the world demonstrate. Citizens sustain the state through taxation, military service, and cultural adaptation to the norms of national hegemony. Yet they remain largely excluded from key economic decisions. While the state focuses on reproducing the power of ruling elites, citizens may pursue interests that conflict with this hegemony, such as inclusion, protection from economic exploitation, taxation policy, and limits on private power.

The SDGs, when read as a coherent whole, demand that we revisit these foundational questions in light of nature's ecological constraints and the principle that all investments must reduce poverty and inequality. The historical expansion of individual freedom, from subjects and slaves to full citizens, has allowed individuals greater life choices, but only within the constraints imposed by the dominant growth paradigm.

The growth economy relies on the state to guarantee the non-contractual foundations of market and labour relations, including

property rights, an educated workforce, and the expansion of markets across borders (facilitated by capital mobility). In turn, the state depends on taxing surplus capital to fund infrastructure and public services, and to stabilise the political system through employment, discipline, and policy direction. Yet meeting today's global challenges would require OECD states to significantly increase taxation and redistribution to realise the SDGs, a scenario made virtually impossible as long as neoliberal capitalism and the neoliberal state prevail.

The economy draws citizens into wage labour via employment contracts that often leave them vulnerable when work is precarious or when contracts fail. The SDGs, in many ways, reflect neoliberal poverty thinking: the World Bank's dominant model aims to lift people just above the threshold of absolute poverty, rendering them useful as labour, but little more. In contrast, genuine wellbeing for all and long-term security through welfare states remain marginalised.

For citizens to expand their choices and build alternative development models, democracy is essential to protect welfare, social and environmental justice, and individual freedoms. At the same time, democracy itself depends on active citizens whose participation is supported by robust social and political rights, as well as the freedom of critical academic discourse.

Thus, democracy, as a mechanism for eco-social transformation, must directly confront neoliberalism. Under neoliberalism, societal institutions have become conflated: the economy undermines democracy, reduces citizens to 'human capital', and transforms the state into a 'competition state'. Furthermore, neoliberalism distorts immigration policies, using border controls to serve capital's needs while disregarding humanitarian obligations towards migrants. Globalised capitalism weakens state capacities and leads to declining welfare for the most vulnerable.

The economy draws on the citizenry for its workforce while marginalising all others, rendering many 'cast away' from full participation. Citizens become wage-dependent, compelled into work contracts without protection.

Why has neoliberalism succeeded?

Since the fall of the Berlin Wall in 1989, neoliberalism has come to dominate global politics, shaping state capitalism (as in China) and liberal democracies alike. Whether discussing the Global North or South, most of the world seems caught within this neoliberal discourse. Even as China has risen to become far more than simply the ‘factory of the world’, presenting an alternative to liberal democracy, neoliberalism remains a global force influencing virtually all nations. This global reach is in part sustained by the work of neoliberal think-tanks, now increasingly present even in China (Slobodian & Plehwe, 2022).

The term ‘neoliberalism’ was originally coined in 1937 but became more fully institutionalised with the establishment of the Mont Pèlerin Society (MPS) by Friedrich Hayek in 1947. Neoliberalism advances the *economisation* of society, leading to a form of *de-differentiation* where virtually all social relations and institutions, political, cultural, and educational, are reorganised according to market logic, even universities (Münch, 2012, particularly on the growth of the liberal competition state see p. 213).

At the global level, the neoliberal regime has been described by many scholars as a form of “new constitutionalism for world order”. Alongside this new legal framework, a parallel system of informal governance has emerged, relying on mechanisms such as benchmarking, ratings, rankings, and international comparisons, tools of ‘soft regulation’ that exert powerful influence, particularly by forcing public institutions to mimic private market competition. Within this framework, neoliberalism promotes de-differentiation across society to extend the market’s reach.

When Gill and his colleagues discuss the “new constitutionalism” that structures neoliberalism’s global political economy, they emphasise that this shift is not only about moving governance to higher levels, but also about transferring power to economic actors through legal and normative instruments:

New constitutionalism limits democratic control over central elements of economic policy and regulation by locking in future governments to liberal frameworks of accumulation premised on freedom of enterprise. (Gill & Cutler, 2014)

The core ideas of the MPS rest on a particular conception of human motivation: that only competition produces efficient behaviour, and that market competition is the most effective form – *though this has never been scientifically proven*. Unlike classical liberals, these ‘new’ (neo)liberals accepted the necessity of legal frameworks to regulate competition, as well as an active state to construct market-like competition wherever possible and to build institutions that serve global capitalism. Contrary to romantic notions of “disembedded markets”, as Richard Münch (2011) demonstrates, neoliberal markets are deeply embedded through state action, as well as through international organisations that operate largely beyond the influence of democratic national governments. For neoliberals, democracy may serve peaceful transitions and interstate communication, but it must not interfere with the supreme laws of global capital.

Quinn Slobodian (2018), analysing the post-colonial period and the birth of neoliberalism, traces how economists and lawyers, particularly those collaborating in Geneva from the early 20th century onwards, transformed the relationship between states and markets. Over 50 years, the MPS established itself as the most influential neoliberal think-tank, working in tandem with legal and economic networks focused on reconciling national sovereignty with global capital. This was especially relevant as newly decolonised African states asserted self-determination after the 1960s. For neoliberals, global economic law had to override the principle of national self-determination, subordinating democracy to global capital. As Slobodian’s more recent work in *Crack-Up Capitalism: Market Radicals and the Dream of a World Without Democracy* (2023) demonstrates, these neoliberal forces continue to envision global markets insulated from democratic interference, through zones of exception where free-market radicalism flourishes.

In line with Gill's (2012) analysis of post-national constitutionalism, Slobodian argues:

What neoliberals seek is not a partial but a complete protection of private capital rights, and the ability of supranational bodies like the European Court of Justice and the WTO to override national legislation that might disrupt the global right of capital. (Slobodian, 2018:12)

In *Crack-Up Capitalism*, Slobodian shows how neoliberals worldwide share the conviction that “[c]apitalism had to be protected from democracy in the age of mass democracy” (Slobodian, 2023:26), and provides striking examples from the Global South, including South Africa.

Mirowski and Plehwe summarise key features of neoliberalism: neoliberal societies must be actively constructed; they do not emerge naturally through the ‘invisible hand’ of markets. For neoliberals, markets function as information systems superior to any human attempt at planning or organising. Thus, the state itself must be reconstructed accordingly, often under the guise of an “economic theory of democracy” that justifies state involvement only to facilitate market functioning (Mirowski & Plehwe, 2009:434–446). As Axel Honneth (2014) observes, freedom is redefined as an individual’s ability to make atomistic choices within this system.

Under neoliberal logic, education and research are treated as consumer goods rather than as cultural or emancipatory practices. Knowledge becomes commodified, useful primarily for generating ‘human capital’ rather than cultivating critical or informed citizens. Gary Becker, a long-standing member and former chair of the MPS, extended this logic by elevating the “strategic citizen”, individuals whose worth is measured by their capacity to invest in their human capital to enhance personal productivity. This neoliberal ideal has restructured institutions across the Western world, making human capital accumulation the primary purpose of work and education. Those who fail to participate in this self-investment process are left behind.

This ideology demands not only free flows of capital across borders but also unimpeded flows of knowledge and educational services aligned with capital's needs. As Hayek famously argued: "All human knowledge can only be used to its fullest if it is comprehensively owned and priced" (cited in Mirowski & Plehwe, 2019:440).

Honneth (2014:236), like many eco-social theorists, concludes that only a mass mobilisation of social movements can challenge this situation:

The only way out of this crisis of the democratic constitutional state would be to bundle the public power of organisations, social movements, and civil associations in order to put coordinated and massive pressure on the parliamentary legislature, forcing it to take measures to ensure the social re-embeddedness of the capitalist market [...].

He further observes that globalisation and mass migration have undermined many of the shared cultural frameworks once capable of sustaining national solidarity, making such mobilisation all the more difficult.

Conflicts and ambiguity: Pushing the SDGs towards the eco-social model?

The 17 Sustainable Development Goals, and the interests that underpin them, are marked by considerable ambiguity, especially regarding the central questions of economic growth, global capitalism, and access to meaningful work. Yet, despite these ambiguities, it remains clear that all the SDGs (and their sub-goals) in one way or another challenge neoliberal assumptions.

The Western development model, as previously indicated, remains paradigmatic, giving the voices of the West continued authority in defining concepts such as 'democracy'. However, within this paradigm, there is important space for critique, given the SDGs' central emphasis on 'wellbeing' as the ultimate goal of future development (Dodds et al., 2017).

Although the SDGs continue to refer to economic growth, and often implicitly to growth as defined by the OECD, other actors involved in shaping the goals have introduced more nuanced understandings. They advocate growth that decouples carbon emissions from economic expansion, for green technology policies, for job creation through environmentally friendly industrialisation, and for circular economies that reuse resources. Most importantly, they have revived the language of “limits to growth”, a slogan that originated in the 1970s but has now returned as part of serious political debate in the 2020s.

There is growing recognition, even among mainstream institutions, of the negative consequences of the growth paradigm. SDG 10, for example, explicitly calls for a reduction in inequality, particularly the forms of inequality created by capitalism itself, which remains the dominant example in most discussions. Increasingly, doubt is spreading about the appropriateness of the Western development model for countries in the Global South. The discourse has shifted from ‘catching up’ with Western living standards to seeking alternative development paths altogether.

During the negotiations that led to the adoption of the SDGs, and in the expert reviews that followed, the work of economist Simon Kuznets (dating back to the 1930s) gained renewed prominence. Kuznets’s critique of the use of ‘the economy’ as the sole measure of social value, and his argument that Gross Domestic Product (GDP) is an inadequate proxy for social wellbeing, resurfaced as part of these deliberations. As the International Council for Science and the International Social Science Council emphasised in their expert review of the SDG targets:

The ‘ultimate end’ of the SDGs – and how the 17 goals and targets would contribute to achieving this end – needs to be more compelling. An overarching goal, such as: ‘a prosperous, high quality of life that is equally shared and sustainable,’ could help group the 17 goals and make the full list more understandable to a broader range of people. The overarching goal should also be reflected in new metrics for measuring

progress towards it, and it could stimulate progress towards moving beyond using GDP as a proxy for development. GDP was never designed to measure development, much less sustainable development. As Kuznets (1934) pointed out when first proposing GDP as a metric of national income: ‘The welfare of nations can scarcely be inferred from a measurement of national income.’ The SDG framework should promote a new approach to measuring economic progress towards sustainable development. (UNESCO, 2015:9)

The work of Kate Raworth and her colleagues at Oxfam played an influential role even during the early phases of SDG negotiations. Raworth’s concept of *Doughnut Economics* (2017), which fundamentally critiques the economics profession’s obsession with growth, provides a new visualisation of planetary boundaries combined with social foundations. The original Oxfam Doughnut (Raworth, 2012) was subsequently used as a central framework for the “World Social Science Report” (2013) under UNESCO’s International Social Science Council.

By shifting focus away from GDP addiction, social scientists position themselves as key contributors to the global debates on sustainability. The global challenges that led to the development of the Doughnut framework, and later the 17 SDGs, cannot be addressed through the current model of economic globalisation. Instead of focusing on expanding the global economy, future models must centre the planet itself, recognising its finite resources and capacity.

The Anthropocene and the eco-social strategy of social justice

The so-called Holocene period, which spanned the last 11,000 years, has been a remarkably stable geological epoch, providing the conditions under which human civilisation emerged and flourished. This long period of stability, however, has been fundamentally disrupted since the advent of industrialisation, first with the discovery and use of coal,

and particularly after the 1960s, when oil-based industrial capitalism accelerated. This marked the moment when GDP was elevated as the principal measure of national progress and was tightly coupled with fossil fuel expansion.

By the beginning of the 21st century, scientists had begun debating whether we had now left the Holocene altogether, entering a new epoch they termed the Anthropocene, defined by the extent to which human activity has become a dominant force reshaping the Earth's systems. The question posed at a scientific conference in 2000 was explicit: have humans themselves now become the central agent shaping climate, land, oceans, and even the seabed?

Indeed, reports, such as the OECD's (2016) study on the ocean as "the last frontier of economic growth and industrialisation", illustrate how human intervention now reaches into every corner of the biosphere. Nature and human systems have become so entangled that scientists now widely agree that humans and nature must co-govern planetary futures. As Schmelzer argues, this demands a radical departure from the OECD's dominant growth paradigm, formulated during the early post-Second World War years:

The growth paradigm is ultimately unstable and self-contradictory since the expectation it raises of continually increasing levels of material production run up to the ecological limits of a finite planet. (Schmelzer, 2016:357)

Under the OECD's growth paradigm, nature is not seen as a partner but as an object to be conquered, an attitude deeply embedded in colonial histories. From John Locke's justifications of English conquests in Ireland, to the genocides of indigenous peoples in the Americas, Western political thought legitimised the expropriation of land and resources wherever it could be seized (Wood, 2002).

We therefore need to examine far more carefully which humans have driven this process. The Anthropocene concept risks homogenising humanity's role, but in reality, it is primarily capitalism, and capitalist classes, that have led this global transformation. The energy

transitions of coal, and later oil, are inseparable from capitalism's historical expansion. Today, this system has produced an extraordinary concentration of wealth and power. As Mbembe has argued, Silicon Valley now represents the new epicentre of imperialism, built on a knowledge capitalism supported by more or less privatised universities (Svendsen, 2024).

In the starkest terms, inequality remains extreme: one per cent of the global population owns more wealth than most nation states; OECD countries consume more than any low-income society; and even within the Global North, poverty grows amidst obscene concentrations of private affluence. An average American consumes (at least) 32 times more than a Kenyan; one per cent of the world's population monopolises nearly half of global wealth; the wealth of the world's 80 richest individuals exceeds that of 460 million of the world's poorest – and these cleavages escalate year by year (Raworth, 2012; Hardoon, 2015).

Thus, the Anthropocene should not be seen as equally driven by 'humanity', but rather by a particular class within global capitalism. The Western growth model was designed by, and for, a privileged minority, whose interests remain embedded in new forms of imperialism and intellectual colonisation. The SDGs explicitly argue that this system cannot continue. Although the full implications of their critique have yet to be realised, we already have sufficient knowledge to see where we are headed if an alternative eco-social development model is not urgently pursued.

Predictably, the wealthy remain united in defending the hegemonic growth model originally constructed and institutionalised in the aftermath of the Second World War under OECD coordination.

A new model?

The hegemonic development model can be understood through how borders are constructed and regulated to promote capital mobility, how the state is historically constituted as a centralising force, and the type and degree of popular influence and democracy that guide

the state. Together, these shape the form of citizenship and the functioning of the economy under globalised neoliberal capitalism. All these institutions must be mobilised to effect change, aligning transformation with eco-social needs.

Neoliberal policies interpret the movement of people primarily in terms of economic utility while closing borders to others, such as environmental refugees. For the SDGs to be realised, those fleeing climate impacts, war, and other crises, the poor and vulnerable, must be allowed to cross borders when their lives are endangered, ensuring that the burdens of environmental and economic decline are shared more equitably. This implies embracing the principle of ‘leaving no one behind’ and promoting the ideal of global citizenship.

Neoliberal politics use the state to promote the free movement of capital with minimal taxation, to lower wages, and to individualise the world of work. The SDGs, by contrast, require a state that regulates the movement of capital to prevent concentration of power, restricts environmentally destructive investments, and uses its monopoly of force to protect human rights and guarantee livelihoods when necessary. Historically, citizenship gradually expanded to include the propertyless and marginalised, with rights and obligations defined through the state’s protection of borders. Today, however, economic and political elites once again curtail these rights. Neoliberalism seeks to minimise the state’s role as a democratic economic actor, turning it instead into a facilitator for market expansion and labour control.

The SDGs presuppose a state that uses its public authority to protect human rights, ensure social welfare, and prioritise environmental concerns. The neoliberal state, which claims to operate under the rule of law (*Rechtsstaat*), creates an appearance of equal competition but in reality enables large corporations to bypass national restrictions. Public law is reduced to serving private capital, shaping education and public institutions to produce ‘human capital’ for the market. To achieve the SDGs, the state must once again become an active economic actor, supporting alternative forms of production and consumption that meet human and environmental needs. Legal rationality must be grounded in guaranteeing rights to water, sanitation, food, and other

basic goods (SDG 6, SDG 2), while designing state interventions that secure these rights without degrading nature. For neoliberals, public institutions are permitted to exist only if they contribute to the market logic of competitiveness; for the SDGs, the goal is to create conditions for wellbeing for all, enabling cooperative learning processes in schools and universities that foster solidarity.

The neoliberal system is driven by economic growth based on private accumulation (Kocka, 2016). Without growth, there can be no taxation of firms and wages – yet neoliberalism has systematically reduced corporate tax burdens, producing public impoverishment and widening inequality. For neoliberals, private investment secures eternal progress. For the SDGs, however, the priority must be alternative modes of production and consumption that privilege eco-social needs over profit. Neoliberalism justifies war as a means of securing economic growth for the sake of stability. The SDGs suggest that a world characterised by growing inequality, environmental injustice, and hunger is inherently unstable. In other words, the four ‘modern’ institutions – the World Bank, International Monetary Fund (IMF), World Trade Organization (WTO), and OECD – that today interact under a neoliberal logic must be transformed if we are to address the global challenges articulated in the UN Agenda 2015. Only then can an eco-social model take root.

The historical trajectory of neoliberalism is one of expanding markets, globalising production, transforming borders to restrict people while allowing capital to flow freely, and reshaping the state from border-protector to competition state, supporting domestic economic actors in global markets. This has entailed a shift from ‘methodological nationalism’ to engagement in post-national processes, embedding global economic imperatives into nation state institutions. By weakening democratic influence, focusing the state on supporting economic actors, suppressing civil society and unions, and elevating economic growth as the precondition for labour use and national wellbeing, the global neoliberal ‘constitution’ has entrenched its hegemony.

Some argue that we are witnessing a return to mercantilism and imperial nationalism, with renewed focus on the nation state marking the end of the neo-colonial period. Domination by global corporations

and multilateral institutions is being replaced, or supplemented, by the domination of great powers. Brexit is cited as one symptom of this development. Yet neoliberalism persists within this revival of mercantilism, as evidenced by the alignment of state power with the interests of major corporations, including in the context of the war in Ukraine. Despite tighter borders and shifting trade patterns, the global dominance of 'big tech' and other corporate giants continues, often to the detriment of smaller nations' economic development. Social protest movements have so far made only limited inroads into globalised capitalism, despite claims that neoliberalism has reached a turning point.

The SDGs, however, provide a normative framework for global mobilisation against neoliberalism and neo-mercantilism. They offer an opportunity to revise our understanding of 'economic growth', to foreground human wellbeing and ecological sustainability, and to reassert the centrality of democracy in guiding national development and global governance, now more urgently needed than ever. As the "Spotlight on Sustainable Development" report stresses (The Reflection Group on the 2030 Agenda for Sustainable Development, 2016:15), civil society organisations must play a crucial role as independent watchdogs, monitoring progress and regress alike, holding governments and multilateral institutions accountable.

The turning point?

We are currently in a global moment where the stabilising mechanisms of the Western growth model are faltering, while the ecological crisis demands urgent action by all states. The opportunity for alternative pathways, such as the eco-social model presented here, depends on whether social movements are able to build sufficient strength within and across institutions. The critical question remains: can the eco-social alternative emerge from within the Western development model through a transformation of its current neoliberal form, or, as Nancy Fraser (2021) suggests, does it require a more fundamental break altogether?

If Fraser's position is correct, then we face a profound challenge: the various social movements that might lead such a transformation are not yet unified into a "clear and convincing perspective that connects all of our present woes, ecological or otherwise, to one and the same social system, and through that to one another" (Fraser, 2021:126). Nor does the academic community currently possess the institutional coherence to organise and disseminate alternative forms of knowledge sufficient to support such a transformation.

More than 25 years ago, Robert Cox (1997), in his seminal article "Democracy in hard times: Economic globalisation and the limits to liberal democracy", identified how debates over "state overload" in the 1970s and early 1980s gave momentum to neoliberal influence over the Western development model. In particular, neoliberalism advanced its agenda by limiting popular democratic influence, enhancing undemocratic economic control, and expanding state powers in ways that served globalising capital (what Cox termed the "competition state"). This shift undermined civil society organisations that had traditionally placed democratic demands on the state – thus weakening the very social foundations of democracy.

Cox foresaw how capitalist expansion would increasingly come into contradiction with nature and social demands. He also identified an emerging cleavage between growth-oriented segments of the labour movement, willing to compromise with neoliberalism, and eco-social movements that insisted on revitalising democratic power structures as the precondition for any viable future. Whether such alliances can eventually form remains an open question. Cox warned that the re-democratisation required to address the biosphere crisis and growing inequality must be rooted in strengthened civil societies rather than in interventions from powerful external actors:

All we can say today is that a democratic movement which would transcend the limited formal kind to embrace a social dimension would have to be based on a socially cohesive revived civil society, and this will have to be generated from within. It would not be democratic if it were to be dependent

on infusion by well-meaning but intrusive foreigners. This is crucial to a politics that would work to sustain the biosphere, and to make social equality the goal of public policy. Such a movement would presage an alternative meaning to 'globalisation'. (Cox, 1997:68)

The historical trajectory of neoliberalism has involved expanding markets, transforming economic structures through globalisation, redefining borders to serve capital while restricting human movement, and transforming the state into a competition state whose primary role is to promote corporate competitiveness on the global stage. In this context, the state has shifted away from 'methodological nationalism' and now plays an active role in post-national global governance through institutions like the World Bank, IMF, WTO, and OECD. These institutions help integrate national states into global market frameworks while insulating global capital from democratic accountability.

The neoliberal transformation has weakened democratic participation, transformed the state into an agent of capital, suppressed civil society organisations (including labour unions and protest movements), and further entrenched the idea that economic growth remains the only viable foundation for social stability, employment, and wellbeing. In this way, neoliberalism has achieved a global constitutional hegemony. Thus far, social protest movements have succeeded only in producing modest disruptions to this deeply entrenched global system, despite frequent claims that neoliberalism has reached its limit. The real turning point has yet to materialise.

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CHAPTER 9¹

PROTEST AS *PARRHESIA*: DIFFICULT DEMOCRACY AND SOUTH AFRICA'S STUDENT PROTESTS²

John Higgins

"We had to leave the pain lingering in the minds and souls of white liberals." (Chumani Maxwele, 2016)

"He is useful because he battles, because he bites, because he attacks." (Michel Foucault, 2011)

Democracy is always difficult; democracy is in difficulties. Who today would disagree? As the historian and political theorist John Dunn has recently put it, the rise of authoritarian regimes around the world (now including the once champion of democracy and human rights, the United States) forces the question: is representative democracy "a regime form which has run out of promise?" (Dunn, 2014; 2025). As noted in the introductory chapter to this book, the idea *and* the practice of democracy are currently under threat from the combined pressures of a changing world economy and the effects on politics of the new

¹ In Memory of Lis Lange, 1961–2025.

² My thanks to the Stellenbosch Institute of Advanced Studies (STIAS) and the SPIRE Fellowship at the University of Bergen for their support in the early stages of this research.

communications landscape. As an example of these pressures, and a way of perhaps understanding them better, this chapter examines a certain disjuncture in thought and practice regarding democracy exhibited in the South African student protests of 2015 and 2016.

This disjuncture occurs between the democratising calls for social justice embedded in the protests, at the same time as these rallying calls also exhibited strong anti-democratic elements. The chapter seeks to throw some light on this disjuncture by examining several key aspects of the classical concept of *parrhesia* – free expression or, better, ‘fearless or provocative speech’ – particularly as these come through in Michel Foucault’s engagement with it in the final phase of his work. It concludes by briefly examining some of the consequences for the higher education system arising from this disjuncture between the social justice content and the anti-democratic form built into the protest by their particular reliance on the appeal of *parrhesia*.

South Africa’s student protests 2015–2016

In one sense, the South African protests were simply one national expression among a wider revolt against the global funding models imposed on higher education over the past 50 years or so (Cini et al., 2021). Student movements across the world – and notably in Colombia, Holland, Germany, Britain, and the US – also kicked back against the crushing debt trap students found themselves in, especially after governments responded to the 2008 financial crisis by imposing strict austerity measures on their citizens.

The financial models which provoked worldwide student protests were embedded in and expressed the broader redefinition and restructuring of higher education that has been taking place since the 1970s. In this redefinition, the public good functions of higher education promoted globally after the Second World War were confronted and gradually eclipsed by an alternative representation of the value of higher education. In this new representation, the common sense of serving the public good was replaced by a new idea of higher education as an individual and private benefit, as a question of the

most efficient use of “human capital” (Higgins, 2019b:7–16). As US theorist Wendy Brown has argued, this reconfiguration continues to have major consequences. “As it dispenses with the very idea of the public,” she argues, “neoliberal rationality recognises and interpellates the subject only as human capital, making incoherent the idea of an engaged and educated citizen” (Brown, 2015:183). In all of this, the once-accepted links between higher education and democracy are under enormous strain and are now visibly fraying (Halvorsen, 2017).

The #FeesMustFall protests of 2015 and 2016 were aligned in their anger and frustration with this neoliberal funding model, which was widely adopted from templates created by the World Bank (Zapp, 2017). At the same time, though, the South African protests differed from the global protests in their tight focus on key issues of race and racial inequality. In South Africa, this meant a significant challenge to the ‘rainbow nation’ narrative that had informed South Africa’s political life since the first national elections in 1994 (Chikane, 2018).

The simplest marker of this difference lies in the fact that the South African protests did not only assemble under the slogan of #FeesMustFall (#FMF) (largely addressed to the financing of higher education):³ the initial and galvanising moment of protest brought people together under the rallying cry of #RhodesMustFall (#RMF). This was the battle cry taken up in Chumani Maxwele’s inaugural protest (or as I shall refer to it below, the ‘Ur-Protest’) at the University of Cape Town (UCT) on 9 March 2015.

#RMF engaged the profound and energising sense of thwarted identity which gave a new substance, force, and direction to the student protests. Through the appeal to the reality of a black pain ignored by the dominant culture, a new (and previously politically dormant) mass of students thronged to join the ranks of the national protest movement. While the Ur-Protest only involved a dozen or so active protesters, just three days later, over 1,000 students joined a mass protest on the UCT campus, while students on campuses all across the country also

3 Largely but not exclusively. The students also sought alliances with workers on campus and promoted resistance to the now standard university policy of ‘outsourcing’ many non-academic staff (Satgar, 2016).

gathered together (Price, 2023:43; Booysen, 2016). By October 2015, a newly energised body of some 10,000 students gathered outside Pretoria's Union Buildings as then President Zuma met with selected student leaders and university administrators before capitulating (at least in part) on the question of fees.

To get a sense of the power and extent of #RMF's appeal to the new protesters, it is useful to compare it to and distinguish it from two previous periods of student protest: student protest in the apartheid period (1958–1994) and protest in the 'rainbow nation' period (1994–2014).

Three phases of student protest

Apartheid saw several distinct waves of active student protest. The notorious Extension of Universities Act was put in place by the new National Party government in 1958 as just one element of their grand project for total racial segregation and subordination in the new apartheid state. The act provoked immediate protests on campuses across the country, most notably at what became known as the Open Universities (Ray, 2016:108–126), with these leading to an intense interest in the idea of academic freedom in ways which later led to the unusual attention paid to academic freedom in the new Constitution (Higgins, 2019a).

Less immediately, but of much greater importance, was what took place in the new black universities after 1958. Although the new universities were designed explicitly to educate black students in the skills and aptitudes necessary for them to play their role in the economy and administration of the country, while inhibiting the development of critical thinking skills, the campuses proved instead to provide the fertile ground for the development of the new Black Consciousness politics. As championed by figures such as Steve Biko, Barney Pityana, and Mamphela Ramphele, Black Consciousness stimulated and provoked the major political initiatives of SASCO (South African Students Congress) and SANSCO (South African

National Students Congress) (Badat, 2016a). In 1976, under the influence of Black Consciousness, protests in Soweto against the use of Afrikaans as the primary language of instruction in black schools renewed national and international opposition to apartheid after the brutal killing of at least 176 people (Brown, 2016).

Finally, in the dying days of apartheid, the increasing number of academic staff and student protests against the government resulted in what was to be apartheid's final frantic assault on academic freedoms: the De Klerk regulations of 1987. The regulations acknowledged the force and threat presented by campus activism by trying to regulate it out of existence. The proposed regulations were successfully challenged in a court action led by UCT and were eventually struck down as *ultra vires* (Higgins, 2013:11–41).

In all of the above, student protest was directed principally at the apartheid state, focusing on its racist higher education system, but also taking aim at the broader racial policies the system was intended to nurture and support. Post (formal) apartheid, with the former resistance movement, the African National Congress (ANC), firmly in power, the focus of student politics understandably shifted away from resistance to the state. Student protests entered a new and distinctive phase.

As Koen et al. have argued, post-1994 student politics moved away from “contesting state interventions in HE [higher education]” towards “the pursuit of narrower interests”, including student housing and “financial exclusions” (Koen et al., 2006:408). Significantly, in this new phase, student protest action lost something of its national address and came to focus on and target the specific administrations of individual campuses. As Koen et al. emphasise, this meant that despite the fact that all students “face the same financial problems”, no attempt was made at forging *national* co-ordination between the Student Representative Councils of the separate institutions (Koen et al., 2006:408). In the ‘structure of feeling’ of the immediate post-apartheid period, it was simply not imaginable to actively confront or criticise the ANC government. In higher education, as in housing and service delivery more generally, the ANC benefitted enormously from

what political theorist Susan Booysen has described as the “liberation dividend”: the powerful sense that a liberation party can do no wrong once in government and should remain unchallenged (Booyesen, 2015:4).

In this turning away from the system as a totality, student protest suffered a certain *de-politicisation* (in the sense of turning the student body away from mass national politics) but also, paradoxically, a *repoliticisation*. This took place as the office bearers of the Student Representative Councils affiliated directly with specific parties (ANC, Economic Freedom Fighters [EFF], Democratic Alliance [DA]), with a consequent alignment of their campus politics with particular parties’ political agendas (Jansen, 2017; Habib, 2019). This focus on affiliation and alignment meant a certain loss of contact between officials and the students they represented. Indeed, as was noted by some, student representatives were increasingly seen as using their tenure on Student Representative Councils more as preparation for later careers in politics rather than serving the interests of their constituents (Luescher et al., 2020:103, 105).

This situation (which characterises the period 1994–2014) meant that student protest generally lost its mass force and became dulled and somewhat routinised. Yes, there was a regular pattern of annual protests around issues such as fees and accommodation, but these protests failed to energise or connect to the mass of students.

This situation changed dramatically with the 2015–2016 protests. They arrived with an explosive force that was almost entirely unexpected (Lange, 2019:83; Habib, 2019). Far from the now habitual and routine protests of the ‘rainbow nation’ years, the new protests presented a powerful and unexpected challenge to the higher education system and to what had become the casual complacency of the ruling party and the broader society beyond.

In material terms alone, the protests did considerable damage to the higher education system. By the end of 2015, Minister of Higher Education and Training, Blade Nzimande, estimated that the protests had caused ZAR150 million in damage to higher education infrastructure. By June 2016, this figure had risen to around

ZAR459 million, with the Minister of State Security going so far as to claim that “these protesters are undermining the authority of the state”, while the ANC-aligned Progressive Youth Alliance (PYA) accused the #FMF of becoming a “counter-revolutionary movement” (cited in Booysen, 2016:36).⁴ By August 2018, “infrastructural damages to universities and training colleges” had risen to more than ZAR800 million (Long, 2021:86). Damage included the burning of libraries, lecture halls and administrative buildings; paintings and artworks; and campus vehicles, including student buses; and the deliberate firebombing of the vice chancellor’s office at UCT.⁵

All in all, the 2015–2016 protests constituted a new and major challenge to the higher education system, unprecedented in the post-apartheid period. Already, at the very start of the protests, Saleem Badat, then vice chancellor at Rhodes University, had argued that they expressed an “organic crisis” for higher education in South Africa (Badat, 2016b). By 2017, in a study informed by interviews with a wide range of the country’s top administrators, Jonathan Jansen, the former vice principal of the University of the Free State, summed up the general feeling as a powerful sense that “integrity of the system as a whole is now under severe threat”: South Africa’s academics were witnessing “a full system meltdown in process” (Jansen, 2017:233, 239).

Given the obvious fact that many of the actual problems that the 2015–2016 protests engaged with – questions of institutional culture, frustrations over fees and accommodation – had been common cause since 1994 (and the occasion of multiple protest actions and responses from government and universities), what galvanised these protests? What was it that worked to bring so many students together in ways

4 The figure includes: North-West University counted ZAR150 million in damages; ZAR82 million to the University of KwaZulu-Natal, and ZAR40 million to the Tshwane University of Technology. Repairs to infrastructure at the historically disadvantaged universities of Fort Hare, the Western Cape, Zululand, Walter Sisulu, and Limpopo added a further ZAR40 million. <https://www.polity.org.za/article/da-violent-protest-action-at-institutions-of-higher-learning-has-cost-r800-million-2018-08-08>

5 The firebombing is usually passed over in silence in accounts which tend to explain student violence as a direct response to security and police violence. For a thorough survey of student attitudes towards the use of violence, see Morwe (2020). In general, she concludes, students saw violence as a reasonable response to either the indifference of the university authorities or as a reply to actions by campus security.

which constituted the powerful threat to the whole system described above (CHE, 2016)?

This chapter offers at least a partial answer in terms of the analytic resources available from Michel Foucault's discussion of the concept of *parrhesia*. Thinking through the idea of *parrhesia* helps to grasp the powerful appeal of the social justice (and democratising) content of the protests while also observing some of the de-democratising force of the often damaging 'monological' form of their address.

Fearless speech

In his final phase of work, Michel Foucault added a new dimension to his account of the conflictual relations between the 'will to knowledge' and the 'will to truth', the turbulent point at which (as Paul Rabinow put it) "the history of practices met the history of concepts" (Rabinow, 1997:xii). This was the dimension of *parrhesia*, a particular kind of frankness, openness, or even aggression in speaking the truth to power (Porter, 2023). In a series of lectures at the University of Berkeley in 1983, Foucault sampled some of the complex and ambivalent meanings of *parrhesia* in the century following its first deployment in the 5th century BC (Foucault, [1983] 2001).⁶

In *Fearless Speech*, the account moves briskly from the term's first uses in the tragedies of Euripides (5th century BC), tracing it across its appearances in the writings of Plato and Aristotle and down to its deployment to later thinkers such as Seneca and Epictetus, with a particular emphasis on the Cynical modes of *parrhesia*, which he developed in later lectures at the Collège de France (Foucault, 2001, 2011).⁷ At the theoretical centre of the analysis stands Foucault's main claim: that the different uses of *parrhesia* reveal the existence of a fundamental difference between truth-telling as it is understood

6 The Berkeley lectures contain in miniature the main themes and arguments presented in Foucault's final lectures at the Collège de France. I shall draw on the larger accounts where necessary.

7 According to Gros, "a large part of the 1984 course is devoted to a highly original and one might say abrasive presentation of ancient Cynicism" (Gros, 2011:350).

in ‘modern’ post-Cartesian epistemology and what it meant in this earlier epoch of Greek and Roman thinking. In *Fearless Speech*, he puts it this way:

If we raise the question of how we can know whether someone is a truth-teller, we raise two questions. First, how is it that we can know whether some particular individual is a truth-teller; and secondly, how is it that the alleged *parrhesiastes* can be certain that what he believes is, in fact, the truth. (Foucault, 2001:15)

In the period of antiquity, he suggests, only the first question is central: how is it possible to identify someone as a truth-teller, how does the public recognise them, what are their distinguishing marks or characteristics? The second question is, he writes, a “sceptical” question, and “a particularly modern one” at that. As such, it is, he insists, one that is entirely “foreign to the Greeks” (Foucault, 2001:15). Indeed, it is only possible to pose this second question from within the framework constituted by what he refers in this text as the “analytics of truth” (Foucault, 2001:170) (and elsewhere as the “Cartesian moment”). As we shall see below, Foucault’s distinction between these two questions proves to carry some significant and perhaps surprising consequences for the assessment of the democratising force of the South African student protests.

Even on the surface, it is striking how Foucault’s description of the identifying marks of the *parrhesiastes* captures many of the key features of the South African student protest movement. In particular, these parrhesiastic features characterise (and help to explain the subsequent power of) what I shall refer to as the ‘Ur-Protest’: #RhodesMustFall. This took place on 9 March 2015, on the monumental steps of the University of Cape Town, where the statue of Cecil John Rhodes looks out imperiously over the Cape Flats and continental Africa beyond (Nyamnjoh, 2016; Schmähman, 2016; Shepherd, 2022).

The Ur-Protest: #RhodesMustFall

For many students who took the protests to new levels of mass participation, the initial #RhodesMustFall protest served as the catalyst for their engagement. In this, the Ur-Protest's main instigator, Chumani Maxwele, acted as the original *parrhesiastes*: the truth-teller whose living example of fearless and provocative speech empowered the protest movement by expressing the unspoken reality of 'black pain'.⁸ As the UCT Rhodes Must Fall Mission Statement put it, the movement was sparked by Chumani Maxwele's radical protest against the statue of Cecil John Rhodes on Monday, 9 March 2015. This has brought to the surface the existing and justified rage of black students in the oppressive space cultivated and maintained by UCT (Rhodes Must Fall, 2015).

We shall return to this description soon. First, though, it is worth isolating what made this protest so singular and so empowering for a new generation of students. For, on the face of it, the 9 March protest appeared to be just another example of the small-scale, routinised student protests that had become the norm in the post-apartheid period. As UCT first reported laconically: "UCT confirms that about a dozen people, including some UCT students, participated in a toyi-toyi protest at the statue of Cecil Rhodes on Upper Campus this afternoon" (UCT News, 2015). Nothing to see here, move on.

Indeed, video footage of the event shows no more than students walking by on their way to classes, pausing only to show a casual moment of brief curiosity about the protest, but never ganging together to form a crowd of active protesters.⁹

The video focuses on the figure of Chumani Maxwele, wearing placards marked 'EXHIBIT WHITE ARROGANCE @UCT' and 'EXHIBIT BLACK ASSIMILATION @UCT', and dressed in a mine worker's hard

⁸ For instance, see Athabile Nonxuba's comment: "For centuries, universities have been sites of white supremacy and opulence. In 2015, for the first time, black working-class students disrupted this privilege by bringing their lived experiences to the fore. On the 9th of March 2015, Chumani Maxwele threw human faeces at the statue of the colonial master, Cecil John Rhodes. Together with other UCT students, I joined the #RhodesMustFall movement." (Cele, 2021). See also Chikane (2022).

⁹ The recording is available on YouTube: <https://www.youtube.com/watch?v=wWr9YNLF67w>

hat (though a gay pink rather than the usual yellow), blowing on a whistle and toyi-toying around the statue. At one point, he is recorded attempting to engage a campus control officer in an altercation.

So far, so unremarkable.

Indeed, the protest might have faded into insignificance were it not for a single action, noted in the immediate UCT report as “[t]wo members of the group threw excrement on the base of the statue”. Despite the wry accompanying comment that the “statue does not appear to have been damaged”, it was this excremental action which transformed the limited local protest into an unlimited and proliferating virtual event. Social media took the relatively small-scale of the immediate #RhodesMustFall demonstration onto the phones and laptops of thousands of local and national students, and ultimately, worldwide, in a trumping of the virtual moment over the moment of the event.

Here we can observe the political power of the provocation associated above all with cynical *parrhesia*, as multitudes of students across the country felt impelled and empowered to join the protest movement, encouraged by how the Ur-Protest spoke the truth about their own occluded experiences.

The Ur-Protest was a well-thought-out and carefully planned event. It involved not only its central protagonist, Chumani Maxwele, but a close group of his friends: students and former students at UCT.¹⁰ Well aware of the deliberate provocation and offence they were planning to stage (in a manner fully befitting the parrhesic act as one that takes place under the fear that the criticised institution “may become angry, may punish him, may exile him” (Foucault, 2001:16)), they chose the day of the protest to coincide with the opening day of the “Infecting the City” public arts festival (a staging of shows at galleries and street performances around the city organised by UCT’s Institute of Creative Arts).

At the centre of the event was the faecal assault on the statue, an act of deliberate provocation, in the offensive mode associated with Cynic

10 These included Wandile Kasibe, Baxolele Zono, Sabelo Mcinzima, and the artist Dathini Mzayiya.

parrhesia. For Foucault (as for others), Diogenes the Cynic embodied the deliberate insolence and provocation associated with *parrhesia*, engaging in public masturbation, urination, and defecation and breaking with the elementary rules of civic and socialised behaviour (Porter, 2023:377). As is well-demonstrated by the many angry public responses, the Ur-Protest carried its truth-telling “to the point that it [became] intolerable insolence” (Foucault, 2011:165). In its use of excrement, the Ur-Protest was an act of the “expressive, embodied shamelessness” (Porter, 2023:378) and carried all the “explicit, intentional [...] aggression” associated with the “Cynic scandal” (Foucault, 2011:280, 234).¹¹

The use of excrement in social and political protest is a powerful but rare event due to the high levels of social and individual inhibitions gathering around it. As one scholar puts it in their suggestive analysis of the IRA’s ‘dirty protests’ of the late 1980s, faecal matter is “a transgressive, aggressively anti-social material” (Kim, 2023). It is custom-built to become at once a “primordial symbol of revulsion as well as a primary mechanism for aggression and the assertion of will to power” (Aretxaga, 1995:129).

Indeed, as Freud had already reminded us (in his Foreword to John Bourke’s *Scatological Rites of All Nations*), “civilised people are annoyed by anything which reminds them of anything unequivocally of the animal nature of man”, and particularly with regard to their corporeality and its basic and unavoidable physical functions (Freud, 1934: vii). It is only under “the influence of education [that] the coprophilic tendencies and impulses of the child are gradually repressed,” he argues. The child “learns to keep them secret, to feel ashamed of them and to feel disgust at them” (Freud, 1934:viii).

Overcoming this built-in disgust and forcing the attention of the social world onto what is usually kept out of sight is a sure way of generating shock and the consequent attention of a social media world in which outrage rules the algorithm. Indeed, prior to the

11 It should be noted that Porter argues that Foucault misrepresents Cynic *parrhesia* in his desire to align it with his own interests and arguments around the figure of the ‘philosophical hero’ (Porter, 2023).

#RMF event, several delivery service protests in Cape Town had already used excrement as a way of generating valuable publicity and expressing deep levels of anger and frustration. In these protests, the use of excrement constitutes “political dynamite” (Robins, 2014). The parrhesic performance becomes a piece of “political theatre” which taps into multiple taboos, including Xhosa notions of hygiene, civility, and respect, together with their opposite, gross disrespect and insult directed against another person (Shepherd, 2022:63).

On another level, in addition to the simple shock value of this ‘political theatre’, Maxwele argued that the #RMF faecal assault was also intended to carry multiple connotations, which created overlapping concerns with politics and culture. In these overlapping concerns, we can also observe a further dimension of *parrhesia*. This is Cynical *parrhesia*’s concern with ‘changing the currency’.

Challenging and changing values

We have seen that a key feature of the Ur-Protest lay in the simple fact that through it, Maxwele was expressing (as Foucault puts it in his Berkeley lecture) “something dangerous”, something “different from what the majority believes” (Foucault, 2001:15) (noting that majority in the case of #RMF does not refer to the majority of the (black) population, but to the fact of the hegemonic power of white opinion at the university). A few months later, in his lecture course at the Collège de France, Foucault referred again to the special nature of the challenge to majority belief issued by the cynic *parrhesiastes*. The aim of the parrhesic task is, as Gros puts it in his commentary on Foucault, “to explode the hypocrisy of accepted values” (Gros, 2011:354).

In such parrhesic action, the anger and revulsion likely to be generated by someone confronting the hypocrisy that allows a social order to claim a principled commitment to justice, while in practice everywhere betraying any such commitment, are at play. “Cynic courage of the truth”, insisted Foucault, consists of getting people to condemn, reject, despise, and insult the very manifestation of what they accept, or claim to accept at the level of principles. It involves

facing up to their anger when presenting them with the image of what they accept and value in thought, and at the same time reject and despise in their life. This is the Cynic scandal (Foucault, 2011:234).

As Caraus has insisted, in a critical elaboration of Foucault's account, at the heart of the Cynic scandal is the imperative to "change the value of the currency". This, she argues, is "the most fundamental Cynic principle" (Caraus, 2022:248).

Standard accounts of the life of Diogenes the Cynic often refer to his question to the Delphic oracle, 'How can I become famous?', and its gnomic reply, '*parakharaxon to nomisma*' – alter the currency. As Caraus (2022:248) explains,

Nomisma means not only 'currency' but also *nomos*, law, custom, so the principle implies changing the customs, rules, habits, conventions, laws and the polis itself as the ultimate convention. The change implies adopting a critical standpoint towards all these conventions.

'Adopting a critical attitude towards all these conventions' – insisting that a 'change in the currency' is necessary, whatever the cost – describes exactly the stakes intended by Maxwele's excremental protest.

In an interview with *Business Day*, Maxwele (2016) explained the logic at work behind or within the excremental protest, one which went beyond its simple capacity to shock and offend. Here, he described the motive forces at work in the initial #RMF protest, the series of overlapping concerns that the protest sought to engage through the deliberately offensive excremental protest. Taken together, these concerns gather around the question central to Cynical *parrhesia*: the question of hypocrisy. This arises from the stark contrast between the social justice pretensions of UCT and the social and political order of which it is a part ('the image of what they accept and value in thought'), with the actual material practices which impact on the lives of black students and citizens.

In the Ur-Protest, excrement is literal but also figurative. Figuratively, it works to identify and attack an overlapping series of

hypocrisies that are performed daily at the university, in the higher education system, and in the larger social and political system beyond.

The first and overarching hypocrisy for the protest movement is the South African Constitution itself, usually recognised and celebrated as “the world’s leading example of a transformative constitution” (Sunstein, 2001:125). #RMF addresses the substantial gap between the constitutional promise and the lived reality of blackness in South Africa.

As Maxwele puts it, “We made use of the ‘human excrement that runs through Khayelitsha [one of Cape Town’s largest townships]’ to ‘speak to the urgent need for human dignity for the black people living in shacks [...] in inhumane conditions and indignity” (Maxwele, 2016).

It is the reality of these inhumane conditions (which include poor sanitation and the pervasive use of the undignified porta-potties of the kind used in the protest) which makes a hypocrisy of the Constitution’s proud and pivotal claim that “[e]veryone has inherent dignity and the right to have their dignity respected and protected” (Republic of South Africa, 1996). For the truth-teller, such hypocrisy has to be identified and attacked if the ‘currency’ of social and political life is to be changed for the better. The use of excrement here has an almost literal metaphorical force: as the excrement is literally carried from Khayelitsha to UCT, it becomes a symbol of the inhumane conditions in Khayelitsha.

The second object of criticism is the continued anti-black racism active in South African society. This is the product of Britain’s original colonising project, so powerfully driven by Rhodes (Brown, 2015). “By throwing poo at the statue of Rhodes,” Maxwele explains, “we could symbolise the filthy way in which Rhodes mistreated our people in the past” and also “disgust at the manner in which UCT, as a leading South African institution of learning, celebrates the genocidal Rhodes” (Maxwele, 2016).

All in all, he concluded, in a deliberately cheeky and provocative reference to the institutional audits conducted by the Council of Higher Education (CHE), “the poo would be an institutional appraisal of UCT” (Maxwele, 2016). Again, the distance between the guiding

aspirations of the CHE – to eradicate racism in the higher education system – and the reality of everyday life for black students constitutes just the kind of hypocrisy or self-willed blindness that an institution is comfortable with, but the Cynic will not allow.

What is happening in and across these overlapping circles is, above all, a failure of the ‘rainbow nation’ narrative, which pledged that Constitutional promises would be realised in the short term. Being forced to recognise this is precisely the kind of challenge to a complacent self-image which it is the task of the Cynical *parrhesiastes* to shatter.

The Ur-Protest is best understood as a parrhesic action. It is a prime example of the Cynic scandal, embodying to the full its capacity to shock and to call into question the hypocritical complacency with which an accepted culture tends to regard itself. In this action, Maxwele occupies the position so well described by Foucault as that of the thinker who addresses a sovereign or tyrant to tell him “that his tyranny is disturbing and unpleasant because tyranny is incompatible with justice” (Foucault, 2001:16).

As mentioned previously, students were attracted by the ‘radical’ nature of the Ur-Protest and how it “brought to the surface the existing and justified rage of black students” (Rhodes Must Fall, 2015). For the young Marx, to be radical means “to grasp things by the root” (Marx, [1844] 1992:251) and (as Caraus has usefully amplified in relation to Cynical parrhesia), “to the extent that they are not normally visible”, roots “imply an element of concealment” (Caraus, 2022:259). This means that radicalism always involves “a dismantling and making visible the invisible roots, uncovering them [...] some kind of destruction is always implicit in reaching the concealed roots” (Caraus, 2022:259). Because of this, the parrhesic act involves “a disruption of the normal life of the *polis*” (Caraus, 2022:255), such as that we have seen characterise the student protests of 2015–2016. As Caraus sums up, *parrhesia* “takes place in the public space and the truth is told in the face of the power with the intention to make possible another world, a truer and more just one” (Caraus, 2022:261). This intention of making possible another world, a ‘truer and more just one’, was indeed central

to the social justice demands which powered the protest movement.

However, it is at precisely this moment in which the social justice claims of the protest movement are at their strongest in democratic terms, in their calls to ‘change the currency’ of not just the university but the whole social order, that they also begin to turn away from the deliberative practices which are essential to democracy, and particularly so in any complex multi-cultural society.

Monologism and difficult democracy

If, as Caraus has convincingly argued, Cynic protest can be read as essentially cosmopolitan in inspiration, then its point is never to seek to replace “the plurality of polities with the one true polity” (Caraus, 2022:248). It is at this point – the point at which the practice of democracy is associated with the values of cosmopolitan dialogue – that the #RMF protesters can be seen to break decisively with the forms of Cynic protest. For sitting uneasily alongside the social justice content of the protest movement are the essential and essentialising forms of interpellation practised by the #RMF movement. These are calls to a racially exclusive and excluding black nationalism, one quite at odds with the movement’s social justice and democratising imperatives.

Maxwele is quite open and explicit about the exclusive black nationalism which fires his project. He understands it as a present-day activation of the Black Consciousness Movement, which he sees himself as heir to (though neglecting its own consistent appeals to the category of the human, so characteristic of the thought of Biko and, beyond him, Fanon (Mba, 2018)). As he moved towards the planning of the Ur-Protest, he explains how he came to realise that the main source of his pain and alienation, the ‘nervous condition’ which he shared with all black students, and which led so many to ‘suicide and despair’, was simply the presence of white people on campus:

I realised that the problem at UCT was that most registered students in my political science lectures were white. Most, if not all, of my lecturers in political science were white, and

my political studies department was full of white professors and lecturers. (Maxwele, 2016)

I read this racial exclusivity – even when raised in opposition to the still evident white hegemony in South African society – as a damaging form of ‘monologism’. I take the term ‘monologism’ from the work of the Marxist literary theorist, Mikhail Bakhtin, writing under the increasing pressure of the Stalinisation of Soviet thinking from the mid-1920s onwards.¹² In his early study, *Problems in Dostoevsky's Poetics*, Bakhtin was concerned with the implications of what he described as the “monological conception of the world” (Bakhtin, [1929] 1984:292). Such a conception promotes an attitude which “denies the existence outside itself of another consciousness with equal rights and equal responsibilities” (Bakhtin, [1929] 1984:292); it prevents any “genuine interaction of consciousness” and renders “genuine dialogue” impossible (Bakhtin, [1929] 1984:81).

While Bakhtin’s argument undoubtedly prefigures the closing down of dialogue and debate in the coming period of Stalinist terror, it is also useful in helping to identify and locate anti-democratic elements in the protest movement. These come through with particular force in the deliberate rejection of dialogue, as this figured in the original ‘Rhodes Must Fall Mission Statement’. This deserves some careful attention because of what turn out to be the material consequences of the ‘monological’ stance it advocates.

This monological stance comes through as the Statement notes its displeasure with and rejection of UCT’s ‘Have Your Say’ campaign: “We also find it infuriating that management is attempting to open up a process of debate through their ‘Have Your Say’ campaign”.¹³

Alumni have been emailed and asked for input, and notice boards have been put up near the statue to allow for comment from the broader student body. This is not meaningful

12 For details of Bakhtin’s arrest and the execution of several of his friends around the time of the publication of the Dostoevsky book, see Clark and Holquist (1984).

13 For details of the campaign, see Price (2023).

engagement of black students by management, and in fact shows a complete disregard for the black experience. (Rhodes Must Fall, 2015)

What is important here is the attention paid to ‘meaningful engagement’. While the inference that UCT alumni are largely going to be white is undoubtedly correct, as perhaps is the implicit contention that the alumni may well demonstrate a lack of sympathy for the #RMF movement, there is more of a problem with the assumption of opposition from the ‘broader student body’. Two things are important here. First, the reality that the #RMF demonstrations actually enjoyed at least some support from white students, and this may undermine (at least to some extent) the validity of the assumption. Second, and this goes more to the heart of the major theoretical and political point about dialogue, the assumption is then used to entirely negate the possibility of productive dialogue and deliberation. This is expressed in the statement which follows:

It is absurd that white people should have any say in whether the statue should stay or not, because they can never truly empathise with the profound violence exerted on the psyche of black students. Our pain and anger is at the centre of why the statue is being questioned, so *this pain and anger must be responded to in a way that only we can define*. (Rhodes Must Fall, 2015:15, italics supplied)

At the conceptual centre of this is the ambivalent uncertainty around the term ‘empathy’, and particularly here when what is involved is what it means to ‘truly empathise’. Basically, there are two contesting versions of what it means to empathise.

One is close to the older term ‘sympathise’, which is used by 18th century thinkers such as David Hume and Adam Smith to stress above all the *involuntary* nature of sympathy: we automatically sympathise with the suffering (and other emotions) of those around us (Hume, [1739–1740] 1969:406–414; Smith, (1759) 1982:4–21). But it is important to note that this movement of sympathy has its limits: the

one we sympathise with must (as in the account put forward in the Statement) be recognised and regarded as being the same as us, or at least like us in conspicuous ways. Sympathy depends on a mutual (and socially specific) shared sense of identity (Williams, 1983).

Any emphasis on the involuntary nature of sympathy neglects what was to become central to the new 20th century term 'empathy': the insistence that to empathise is always an imaginative act, one of deliberately seeking to enter into and appreciate and understand the mental state of another, as opposed to sympathising with on account of already having the same experience to draw on. It is, as psychologist Hogan suggested in 1969, the "intellectual or imaginative apprehension of another's condition or state of mind" (cited in Newton, 2023:32).

The Statement's use of the term, particularly as 'truly empathise', belongs more to the involuntary 18th century sense of sympathise. In denying, or having no place for, deliberate acts of empathy, which can cross the barriers of difference and identity, the Statement effects a monological closure and puts in place a kind of monadic solipsism. If, as the Statement asserts, 'pain and anger must be responded to in a way that only we can define', the possibility of constructive dialogue is not only denied but held to be impossible.

Hence, it is the monological stance which leads to the entire rejection of the possibility of rational discussion and exchange in the university or anywhere else. As the Statement sums up:

The conception of the university as a space for rational discussion has been dealt with in our previous statements. Briefly put, we as black people will not have our pain silenced or attacked, nor will we concede to demands that it be rationalised – all of which inevitably occur in any process of "rational discussion" which includes the very university stakeholders at whose hands we are oppressed. The strict demarcation of legitimate discourse at UCT to only such rational discussion is violent and silencing to black voices –

which is precisely why they have been silent until now. We will not compromise our pain. (Rhodes Must Fall, 2015:15)

Conclusion: ‘We had better not just be sincere, but correct’

Monologism, wrote Bakhtin, “manages without the other” (1984:294), but, in a complex society, is this desirable or even possible?

Politically, the monological stance soon leads to a core rejection of democratic principles. As Adam Habib, then vice-chancellor at the University of the Witwatersrand during the height of the student protests, observed, this ends up in a situation in which “suddenly you are saying some rights are available to some people, but not to others, and whether they are or not depends on whether you like or approve of their ideology” (Higgins & Habib, 2017:165).

In more general theoretical terms, this takes us back to Foucault’s concern with truth-telling. For nagging at the centre of his arguments in *Fearless Speech* is the answer he feels inclined to give to the question, “does the *parrheastes* say what he *thinks* is true, or does he say what is really true?” (Foucault, 2001:14). “To my mind,” he responds (in a way which seems to accept a certain ungrounded partiality in this response), “the *parrhesiastes* says what is true because he *knows* that it is true; and he *knows* that it is true because it is really true” (Foucault, 2001:14, emphases in original).

But a certain level of uncertainty about this is, I think, apparent in the very insistence which he lends to this view as he finds it necessary to continue (and to repeat): “The *parrhesiastes* is not only sincere and says what is his opinion, but his opinion is also the truth. He says what he *knows* to be true. The second characteristic of *parrhesia*, then, is that there is always an exact coincidence between belief and truth” (Foucault, 2001:14).

A useful way of grasping the roots of the uncertainty (apparent in Foucault’s very insistence on the point, ‘his opinion is also the truth’) is provided by Bernard Williams’s cautious warning about the

differences between sincerity and accuracy with regard to the truth: “If we are to rely on what others tell us, they had better be not just sincere but correct” (Williams, 2002:94).¹⁴

Not just sincere but correct. This differentiation takes us to this chapter’s closing point: the damage which the de-democratising force of monological closure has inflicted on the social justice goals of the student protest movement, at least with regard to education and higher education.

Ten years after the protests, it is becoming clear that the monological focus assumed by the protest movement is, paradoxically enough, doing some damage to the ecology of the higher education system it initially set out to improve. This paradox manifests as an ongoing vicious cycle with particular reference to student fees and student financing.

For many, the high point of the protest movement came with former President Zuma’s at least partial capitulation to student demands in October 2015, the announcement of a zero-increase in fees for 2016, and the promise of a deeper investigation into the problems and possibilities around student funding.

What has followed since then is an ever-increasing government allocation of funds to the National Student Financial Aid Scheme (NSFAS). According to Stan du Plessis (Chief Operating Officer at Stellenbosch University), for the academic year 2017–2018, the government allocated ZAR31 billion in subsidies to the university sector to cover all running costs, while it allocated ZAR15.4 billion to NSFAS. For the academic year 2023–2024, the NSFAS budget had increased to ZAR50.1 billion, while the university subsidy had only increased to ZAR44.5 billion, a figure now conspicuously lower than that provided to NSFAS.¹⁵

The problem here is that of a vicious cycle. As NSFAS support grows, government contribution to the running costs of universities shrinks.

14 Williams’s own late work presents an interesting parallel to Foucault’s thinking, though one never explored as such, though Foucault is twice mentioned (Williams, 2002:20, 300n31). For some consideration of Foucault’s own relations to the analytic tradition to which Williams belongs, see Foucault (1978) 2018 and, more broadly, Davidson (1997) and Gillot and Lorenzi (eds.) (2016).

15 Slide from conference presentation supplied by author.

This means that for most higher education institutions, student fees have to be raised to keep the institutions running. As fees rise, support for NSFAS must also rise, meaning that the allocation for universities shrinks, meaning that fees must rise, meaning that NSFAS must have more money, meaning that ...

As Adam Habib warned at a recent conference on ‘The Future of the University’, “[d]o this for another five years and you’re back to #FeesMustFall. We need to figure out a sustainable solution to finance higher education because if you want to achieve social mobility, higher education is one of the pathways” (Universities South Africa, 2024).

Paradoxically enough, the original social justice demand of the protest movement, which understood higher education as one of the pathways to equity and social mobility in society, turned away from this. The monological perspective provided by student experience and student interest alone, eschewing as it did a broader dialogue with other members of the higher education system, resulted in an overemphasis on the question of funding. What was lost was the need to look at the system as a whole.

Several crucial things are lost in the adoption of the monological perspective: not only the damage done to the higher education system as a whole by the vicious cycle of the populist funding solution (damage to academic staffing levels, infrastructural development, including libraries, provision of IT, security, etc.), but also its likely effects on funding for primary and secondary education as well as other pressing social needs such as the public provision of or at least support for healthcare, housing, transport, policing, food security, and all the other demands of democratic governance. (And noting as above the extensive infrastructural damage and costs.)

In all of this, we see that there are limits to adopting the monological perspective. While it is undoubtedly correct that – as Foucault says – the *parrhesiastes* is useful “because he battles, because he bites, because he attacks” (Foucault, 2011:335), that usefulness is severely curtailed if it results in “trying to manage without the other” (Bakhtin, 1984:294). Trying to manage without the other in any complex multi-cultural society by denying the possibility of dialogue and full democratic

deliberation is likely to result in providing merely imaginary solutions to social and political problems which demand real solutions.

As this chapter is dedicated to the memory of Lis Lange, a key critical thinker in South African higher education policy discourse, it is appropriate to recall here some of what finding those real solutions would likely involve. In the first instance, it would mean recognising that in many ways the student protests emerged from the failure of South Africa's higher education policy to pay sufficient attention to its responsibilities for fostering critical citizenship through a transformed project of humanist scholarship and citizenship education.

As Lange noted in an important contribution to the Academy of Science's *Consensus Study on the State of the Humanities in South Africa*, while the general goals of South Africa's transforming higher education system were to help create a "stable, participatory, non-racist and non-sexist democracy" (ASSAf, 2011:42), these were almost immediately eclipsed by the imperatives for innovation, understood as "the application of new ideas which can be introduced into the market place" (ASSAf, 2011:42). The humanities came off "second-best in relation to policy positioning [...] in the new science dispensation" (ASSAf, 2011:53) and little if any thought was given to their essential role in fostering the commitment to 'critical citizenship' that differentiated South African policy from the global templates of the neoliberal capture and redefinition of the aims and goals of higher education.

Indeed, the limited support for the humanities, which did become available, actually worked to support the monological perspective this chapter has argued was central to the student protests: a perspective in which support for the recognition of black identity becomes a call for an ultimately nationalist and exclusive Africanisation (Lange, 2019:89, 95).

Against this, Lange, in her final writings, issued a powerful call for the university to become a space for (though not her term) dialogism, one devoted to the creation of a "knowledge base" that is "open to critique" and is ready and willing to consider different perspectives, and imagine the position of the other is a necessary condition for the

exercise of citizenship as pedagogy. In fact, a pedagogy of citizenship can only take place within contrasting knowledge, where students are taught but also invited to imagine, understand and act together (Lange, 2012:6).

A first step in attempting to create such a space would, however, mean recognising the capture of higher education policy by the ideology of innovation, and the full extent to which universities have become “subject to globalising culture, and especially, market transactions in the definition of their purpose and identity” (Lange, 2023:56).

In the now necessary re-assertion of the democratic contents of higher education, the university has first to recognise the degree to which it has been ‘captured’ by neoliberal definitions to reactivate the idea that university education needs to be rethought “in relation to a collective responsibility for the future of states, regions and global society” (Lange, 2023:62). The urgency of the moment demands that, as Lange puts it, we engage and question the received ideas of higher education policy (“the ‘innovation, entrepreneurialism, and disruption’ mantra”) in terms of an analysis of their real-world consequences and the identification of the underlying interests which power them. We now need to assert a political project in which the university is no longer seen as ‘neutral’ but rather becomes “an active agent of change and a collective political actor” (Lange, 2023:64).

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CHAPTER 10

FROM GLOBALISATION TO GLOCALISATION: THE IMPACT OF NEOLIBERALISM ON METROPOLITAN GOVERNANCE IN THE GLOBAL SOUTH¹

Chris Tapscott

Introduction

A considerable body of literature has examined the varied impacts of neoliberalism on the economic growth and governance of nation states, but considerably less attention has been paid to the extent to which globalised capitalism has penetrated the operations of megacities and reordered the hierarchy of government power within these countries. Where research has focused on the impacts of globalisation on changing forms of metropolitan government, much of the work has examined this transformation from the perspective of geographical scale, the regulatory facets of devolved power, and technological innovation. A further literature, however, has examined what are seen as the relational dimensions in the transformation and constitution of metropolitan space and authority and the extent to which these are socially constructed (Howitt, 1998; Marston, 2000; Swyngedouw, 2004). The

1 An earlier version of this chapter was published as Tapscott, C. (2024). "Urban agglomeration, glocalisation, and the governance of scalar transformation in the Global South: A case study from Cape Town, South Africa". *Global Public Policy and Governance*, 4(1), 86–103.

departure point for this analytical approach, according to Marston, is “that scale is not necessarily a preordained hierarchical framework for ordering the world – local, regional, national and global”. Rather, she maintains, it is the “contingent outcome of the tensions that exist between structural forces and the practices of human agents” (Marston, 2002:20). The way in which scale and power are constituted and reconstituted, she argues, is shaped by capitalist relations of production, social production, and consumption, and that all three sets of relations are critical to understanding the social construction and governance of scale. Consequently, where the orientation of research on the transformative dimensions of globalisation had begun on the national and supranational scales, subsequent scholarship has expanded its focus from the hierarchical analysis of scalar form to a broader examination which includes urban centres as key sites of institutional restructuring and the reconfiguration of power relations (Brenner, 2004:2).

Globalisation and glocalisation

An extensive literature has discussed how changes in the constitution of scale and government in the Global North in the past three quarters of a century can be seen to have tracked simultaneous changes in the form of state-market relations and to the emergence of new territorial scales of government determination (Jessop, 1997; Brenner, 2003; Lobao et al., 2009). In the aftermath of the Second World War, and in the spirit of solidarity and commitment to peace and reconstruction, countries in the Global North embraced the principles of Keynesian economics, which included a compromise between capital and labour, management of the economy to ensure stable growth and full employment, and the universal provision of welfare. A feature of the redistributive agenda of these Fordist welfare states was to endeavour to spread urban growth as evenly as possible throughout the entire space of a national territory (Brenner, 2004:115). Consequently, up until the early 1970s, the territorial development strategy pursued by advanced industrial societies led to a reduction in social, economic, and spatial inequalities, particularly in major urban centres.

In the closing decades of the 20th century, however, the Fordist economic model lost momentum due, *inter alia*, to market saturation of mass consumer durables, high inflation, and increasing competition from East Asian countries, and it was progressively replaced with the post-Fordist model of economic growth, which was the harbinger of neoliberal global capitalism. Post-Fordism assigned priority to controlling public expenditure and removing measures that might hinder the functioning of market mechanisms, seen as the most efficient way to allocate resources. Among other measures, this new accumulation regime emphasised flexible production, technological innovation, deregulation, globalisation, flexible labour markets, the hypermobility of finance internationally, and a shift away from welfarism (Jessop, 2011). Henceforth, faced with the real or imagined threat of transnational corporate relocation and capital flight, the rise of what has been termed the ‘competition state’ (Jessop, 1997) has focused on ensuring an entrepreneurial environment conducive to attracting and retaining foreign investment in the globalised economy (Swyngedouw, 2004:28).

Driven by the imperatives of globalisation, the capacity of nation states to regulate and impose constraints on capital in the ways possible in the immediate post-war era has been undermined, and this, in turn, has led to a reordering of national regulatory arrangements and to patterns of uneven development and territorial inequality across all spatial scales (Brenner, 2003:198). However, Brenner argues, far from merely reacting to the supposedly irresistible external geoeconomic forces of globalisation, “state institutions are playing a key role in forging the uneven geographies of political-economic life under early twenty-first century capitalism”. In so doing, they “actively produce and continually reshape the very institutional terrain within which the spatial dynamics of globalised capital accumulation unfold” (Brenner, 2003:198).

In their efforts to promote greater global competitiveness through the deregulation of markets and institutions, nation states have ceded some of their powers to global capital and have effectively weakened their economic sovereignty in so doing (Lobao et al.,

2009:4). This relates, *inter alia*, to the ceding of decision-making powers to regional governance structures such as the European Union (EU), the conditionalities of international trade agreements imposed by the World Trade Organization (WTO), and the influence of rating agencies, all of which limit prospects for the independent determination of national economic policy. A weakening of the economic sovereignty of the state has also led to a new “division of powers and responsibilities between the central state and subnational governments on the one hand and supranational forms of governance on the other” (Lobao et al., 2009:3). Accompanying this process has been an increasing emphasis on decentralisation and the devolution of economic and social policy formulation to regional and local levels. In this transition, Ward and Jonas maintain, “the city and region have re-emerged to challenge the taken-for-granted position of the nation-state as the preeminent site and scale for territorial economic organisation in contemporary capitalism” (Ward & Jonas, 2004:2119).

The inter-relationship between local, national, and global scales, in what has come to be known as the process of glocalisation, was first described three decades ago by Roland Robertson who asserted that: “What is called local is in large degree constructed on a trans- or super local-basis and much of the promotion of locality is in fact done from above or outside” (Robertson, 1995:26). In this formulation, there is a dialectic between globalisation and glocalisation, an interdependence which amounts to the “simultaneous globalisation of the local and the localisation of globality”, leading to “twin processes of macro-localisation and micro-globalisation” (Khondker, 2005:186). Expanding on this, Swyngedouw refers to glocalisation as a “twin process whereby, firstly, institutional/regulatory arrangements shift from the national scale both upwards to supra-national or global scales and downwards to the scale of [...] local, urban or regional configurations and, secondly, economic activities and inter-firm networks are becoming simultaneously more localised/regionalised and transnational” (Swyngedouw, 2004:25). Notwithstanding variances between, and contestation over, the definition and

constitution of glocalisation, the concept has been widely adopted to describe “the interpenetration of the global and local” and its “unique outcomes in different geographic areas” (Ritzer, 2003:193).

Changes in the relational dynamics between the global, national, and local have led to a transformation in the scale and regulation of glocalised states. Thus, unlike the Keynesian national welfare states, which attempted to distribute populations, industry, and infrastructure more equally across their national territories, glocalising states have tended to reconcentrate economic development in cities, city-regions, and industrial districts, positioning them more strategically to compete within global markets (Brenner, 2003:198). Because of the reinvigoration of urban centres and diminution of the economic sovereignty of the nation state, “regional and city authorities have not only seen their local economies become more exposed to the global economy but [they have] also sought greater autonomy to carve their own role within it” (Lobao et al., 2009:4).

As an extension of the competition state, metropolitan governments themselves embark on inter-regional and inter-city competition for trade, investment, and capital (Ward & Jonas, 2004:2121). This competition between urban regions (national and international) leads to forms of specialisation as metropolitan governments seek to exploit their comparative advantage. In that respect, Łuczyszyn asserts, global companies are drawn to specific urban regions for two principal reasons, namely, their motivation to expand their markets and the extent to which the recipient locality opens up to the rest of the world and introduces policies that raise its attractiveness. Linked to this is the issue of accessibility and the ease with which a company can maintain its global networks and, at the same time, integrate the global dimensions of its operations into local contexts (Łuczyszyn, 2021:86).

It is evident, however, that the adoption of a centripetal growth model often does little to benefit the economic growth of other regions and smaller cities (McCann, 2016; Iammarino et al., 2018). In a study of this trend in the United Kingdom (UK), Tomaney et al. observed that “London has effectively ‘de-coupled’ itself from the

rest of the UK economy and has fortuitously captured the benefits of globalisation through its specialisation on financial services; the attraction of multinational companies; foreign investment and international migrants; and benefitting from rising assets” (Tomaney et al., 2019:4). Furthermore, notwithstanding the fact that glocalisation has increasingly become a feature of metropolitan government, particularly in the Global North, there is little evidence to suggest that it is leading to greater spatial and socio-economic inclusion. On the contrary, apart from some economically advanced countries, growth-oriented strategies introduced under the mantle of global competitiveness have not yielded the anticipated welfare gains and have increased rather than decreased social and spatial inequality (Moore-Cherry et al., 2022; Tomaney et al., 2019).

Even though, in their number and size, megacities in the Global South are growing at a considerably faster rate than in the North, hitherto the focus of research on the different manifestations of glocalisation has predominantly been on states in Europe and North America, with some limited application of the concept in East Asia. Where scholars have examined the impact of globalisation on African states this has typically focused on the national level, with some illustrating its negative impacts (Ibrahim, 2013; Sidropoulos, 2022), others emphasising its potential to stimulate economic growth (Zahonogo, 2017), and still others who maintain that the available evidence on its impact is inconclusive (Rudra & Tobin, 2017; Beri et al., 2022). There has been relatively little research undertaken on the impact of globalisation and neoliberalism on urban form (McDonald & Smith, 2004; McDonald, 2007 are exceptions) and virtually nothing on the phenomenon of glocalisation. Where studies have referenced glocalisation, this has been confined to the linguistic, cultural, or sporting domains (Rwabyoma, 2016; Amponsah & Babarinde, 2022, among many others).

This chapter attempts to address the lacuna in the literature by analysing the growth model adopted by the City of Cape Town, a fast-growing metropole in South Africa, through the lens of glocalisation theory. Discussion focuses on the City’s quest to develop a modern,

digitally driven economy competing in global markets, the factors which contributed to the adoption of this model of capitalist development, and the evident disjuncture between the economic path pursued, the skills, and asset base of a growing proportion of the population, and the implications this has for social production, poverty alleviation, and inequality in the city. As a point of departure, it is necessary to provide a brief overview of urban growth trends in South Africa since the end of apartheid and the establishment of metropolitan government.

Urban agglomeration and metropolitan government in South Africa

The growth of large urban centres and metropolitan government is a relatively recent phenomenon in South Africa. This is due to the repressive racial policies of the apartheid government, which suppressed urban growth by forcefully confining most black people (who make up 80 per cent of the national population) to impoverished rural reserves. As apartheid rule began to unravel in the 1980s, increasing numbers of rural people moved into informal settlements on the fringes of the major urban areas, and this in-migration has continued unabated since the advent of democracy in 1994. On its assumption of power, the incoming African National Congress (ANC) government embarked on an extensive programme of reform to restructure the fragmented, racially segregated, and undemocratic apartheid state. A new Constitution promulgated in 1996 defined South Africa as a unitary state (albeit imbued with elements of federalism) with three echelons of government: national, provincial, and local government. The Constitution also reconfigured the system of local government, established municipalities throughout the country, and assigned considerably more power to the local level. The Constitution made provision for the establishment of three types of municipalities, and although it did not specify the need for metropolitan government, it did prescribe that national legislation should define the different types of municipalities which could be established within each category.

A framework detailing the form and function of the system of local government was subsequently articulated in a White Paper on Local Government published in 1998. Outlining a need for the establishment of metropolitan governments, the White Paper stressed their important contribution to regulatory and fiscal efficiencies, economies of scale, integrated planning, the avoidance of duplication, and, especially, as vehicles for overcoming the spatial inequalities of the past and the promotion of social justice:

The concentration of the commercial and industrial tax base combined with the extreme spatial and social segregation along class and race divides within our metropolitan areas demand that particular attention is given to promoting spatial integration and socially inclusive forms of development. (Ministry for Provincial Affairs and Constitutional Development, 1998:61)

Significantly, the White Paper on Local Government was published shortly after the announcement of a major shift in the economic growth strategy of the new government. A policy paper on Reconstruction and Development published in 1994 by the ANC (then a government in waiting) had initially envisaged the creation of an interventionist social-democratic state, loosely modelled on the East Asian developmental states, which would play a leading role in steering the economy and developing a more just society. “Reconstruction and development,” it was stated, “will be achieved through the leading and enabling role of the State, a thriving private sector and active involvement by all sectors of civil society [...] In a wide range of areas, the [government] [...] will take the lead in reforming and addressing structural conditions” (Office of the President, 1994, Sections 3.1.2 and 3.1.3). However, scarcely two years after it was published, the Reconstruction and Development Programme (RDP), which had been intended to guide state strategy in the early years of democracy, was replaced by the neoliberal Growth, Employment and Redistribution (GEAR) macroeconomic strategy. Explicit in this document was the

inescapable influence of global market forces and the need for greater openness and competitiveness in economic policy, both of which called for an enabling rather than interventionist state (Department of Finance, 1996:19).

This shift in economic policy models has been ascribed to the fact that leaders of the ruling ANC government, anxious to rapidly regenerate a depressed economy and reintegrate South Africa into the global community, believed (or had been convinced) that pursuing neoliberalism was a prerequisite for the development of a modern state. They were also exposed to an array of (often unsolicited) advice from bilateral development agencies, international financial institutions (the World Bank in particular), independent consultants, academics, and others who stressed the importance of creating a deregulated economy, receptive to foreign direct investment and open to global markets (Gumede, 2005).

It consequently came as no surprise that the 1998 White Paper on Local Government affirmed the prescripts of GEAR and drew explicit attention to the role which large cities would play in the global economy:

Globalisation, or the internationalisation of capital, production, services and culture, has had, and will continue to have a major impact, in particular on metropolitan areas. The logic of transnational corporations, the fact that economic transactions and the integration of systems of production occur on a world-wide basis, and the rapid development of information technologies, have resulted in the emergence of the so-called “global economy”. In this context large cities become the nodes or points of contact which connect economies across the globe. (Ministry for Provincial Affairs and Constitutional Development, 1998:62)

The White Paper went on to state that: “municipalities will need to manage the consequences of globalisation – such as the restructuring and relocation of industries”, and that they should have “an interest

in attracting investment based on promoting the comparative advantages of the area for competitive industries, as well as supporting the growth of local enterprises” (Ministry for Provincial Affairs and Constitutional Development, 1998:62). In the intervening years, various policy documents have spoken of the need for the state to brace itself for the inevitable impact of globalisation and to adjust its policies to take advantage of the possibilities which it might yield.

Thus, the 2012 National Development Plan 2030, which remains the country’s principal strategic document, observes “that on balance, global trends can have positive implications for South Africa’s development, notwithstanding several notable risks”. “Making progress,” it asserts, “will mean intensifying the country’s global presence in areas of competitive advantage, while building the necessary infrastructure and skills”. To achieve its goals the country will need to “sharpen its innovative edge and continue contributing to global scientific and technological advancement” and this, in turn, will require “greater investment in research and development, [...] more nimble institutions that facilitate innovation and enhanced cooperation between public science and technology institutions and the private sector” (National Planning Commission, 2012:30, 33). It was in the context of the adoption of a national policy and regulatory framework that called for the economy to increase its global competitiveness and for state institutions to support this process that the stage was set for the emergence of glocalisation in the City of Cape Town. Before proceeding to an analysis of the manifestations of this process, however, it is necessary to provide a context of the social and political economy of the city.

The social economy of Cape Town

The City of Cape Town has a fast-growing population, which has increased from 2.89 million in 2001 to some 5 million inhabitants in 2025. It is the oldest urban settlement in South Africa, having been established in 1652 as a refreshment station for ships of the Dutch East India Company sailing from Europe to the East. Cape Town and its

surrounds were subsequently annexed by the British and the town was assigned local government status by the colonial authorities in 1839. As part of the local government reforms introduced in the immediate post-apartheid era, 15 small municipalities were incorporated into the Cape Town metropolitan government in 1998, and the first elections for the integrated city were held in December 2002. Following a brief period in power as part of a coalition government from 2000 to 2002, the Democratic Alliance (DA) (now a member of the ruling Government of National Unity (GNU)) returned to office in 2006 and has run the city since then. Since the national elections in 2009, the DA has also governed the Provincial Government of the Western Cape, ensuring that there is some alignment of policy between these two orders of government, notwithstanding the fact that, as a unitary state, the policies and strategies of the national government remain preeminent wherever constitutionally prescribed.

As a seaport, Cape Town has always exhibited a more metropolitan character than other cities in the country, with a heterogeneous mix of people of European and Indian origin, African, and mixed-race Coloured people. As a legacy of its colonial and apartheid past, categories of race and class still overlap, and the city continues to be divided along these fault lines three decades into the democratic era. Notwithstanding the expansion of the middle class to include a proportion of Coloured, African, and Indian people, most of Cape Town's citizens still live in racially homogeneous suburbs. In keeping with the demography of the country as a whole, the poor are predominantly drawn from the African and Coloured populations and many, especially those moving in from the rural areas, live in sprawling informal settlements on the margins of the city with only rudimentary services, including communal water stands and toilets. The wealthier, and predominantly white, middle-class suburbs, in contrast, maintain standards which are comparable with those of people living in the wealthier suburbs of economically advanced states in the Global North.

Catering for the needs of an extremely diverse population inevitably presents challenges in the design and delivery of public programmes. However, whilst there is undoubtedly awareness on the

part of municipal policymakers of the different needs of their citizenry regarding access to housing, water, electricity, etc., it is evident that the strategies and policies currently pursued are reproducing and accentuating historical patterns of inequality. This is manifest in multiple everyday ways including the differential allocation of municipal budgets to different parts of the municipality, the failure to make provision for affordable accommodation in proximity to major employment nodes, the introduction of advanced information and communications technology (ICT) services which are inaccessible to the very poor and, most importantly, the pursuit of an economic growth model which is oriented to the interests of the more affluent segments of the population.

Glocalisation in the City of Cape Town

The city's quest to become a global city may be tracked through a succession of strategic plans produced over the past two decades. In terms of legislative prescript, each municipality is obliged to develop a strategy plan immediately after the conclusion of local government elections. The Integrated Development Plan (IDP), which is ostensibly based on the input from a public participation process, spells out a municipality's goals and objectives for the next five years. In the case of the City of Cape Town, tracking the strategic orientation of successive IDPs provides a lucid insight into the course which the local council and city managers have charted for the metropole.

The city's interest in positioning itself as "a gateway to African markets" was announced in the IDP for 2012–2017. Cape Town's unique strengths, it was stated, included its smaller size, better infrastructure, excellent service provision, and sophisticated higher-education network, all of which made it "ideally suited to build a competitive advantage in certain sectors" (City of Cape Town, 2014:2). To achieve this objective, it was asserted, the city would use numerous levers to attract investment since this would create economies of scale in local industries and thereby create more opportunities for employment. To attract this investment, however, the municipality would need to

“provide adequate support to the market by, for example, providing efficient regulation, efficient planning and regulation processes, transparent and accountable government, easy access to officials, and infrastructure support” (City of Cape Town, 2014:7).

This theme was pursued in the IDP for 2017–2022, which affirmed the intent to position Cape Town as “a forward-looking, globally competitive business city” (City of Cape Town, 2017:34). Cape Town, it was stated, was “already known as a world-class tourism destination and [was] increasingly regarded as an attractive emerging-market investment destination”. However, more work was necessary “for Cape Town to reach its potential as a forward-looking, competitive business city”. In pursuit of this objective, the municipality was set to implement a range of measures intended to bolster its competitiveness, including strengthening support services, providing incentives to investors, and improving the ease of doing business.

This vision was further extended in the 2022–2027 IDP with a continuing focus on creating an enabling regulatory framework and infrastructure necessary to attract investment. The IDP has also emphasised the need for accelerated growth. According to the IDP, the “guiding Development Plan priority for everything the city does is to support meaningfully faster economic growth that enables people to lift themselves out of poverty. Economic growth is needed to rekindle our hope in a more prosperous future for all” (City of Cape Town, 2022a:17). Notwithstanding this objective, however, the evidence indicates that the trajectory of the growth path currently pursued is oriented more to the needs of international investors than to the needs of large segments of the municipal population.

As part of the quest to position itself globally, the city launched the Invest Cape Town initiative in 2017 with the explicit objective of attracting foreign investment. The initiative, according to its then website, represented a “demonstration of the City’s commitment to creating a platform that contributes to the increased awareness, attractiveness and competitiveness of the city as a place to do business” (Invest Cape Town, 2023). Its stated mission was to “attract and retain foreign direct investment which is of strategic importance

to the economic development of Cape Town” and “to work with international and local entrepreneurs, SMEs and multinationals that wish to set up a business”. As evidence of its achievements in attracting foreign investment, the likes of Amazon, Johnson and Johnson, Microsoft, Unilever, Thomson Reuters, Panasonic, KPMG, were listed amongst the multinational corporations that had invested in the city. It also boasts that “In addition to its beauty, Cape Town is also strategically positioned on the west coast of Africa, making it a powerful skills pipeline and the best place in Africa for hi-tech ... The city is rapidly transforming into a powerhouse in Africa’s financial landscape, claiming the prestigious position as the continent’s second-largest financial hub. This exceptional growth is largely fuelled by the burgeoning fintech sector, attracting an influx of foreign investors and tech innovators. The city has become a fertile ground for over 60 fintech start-ups, a testament to its vibrant tech ecosystem”. (Invest Cape Town, 2026).

Among the accolades the city is stated to have received by 2021 were those as “Africa’s leading city destination”, “World’s leading festival and events destination”, “Number one in the Top Ten cities in Africa and the Middle East”, “No 20 in Best City in World Travel” in the travel and leisure category, and the naming of Cape Town International Airport as “Africa’s leading airport” for the sixth year in a row.

By actively attracting foreign direct investment, the city is also establishing its international networks independent of the national state. Furthermore, by marketing itself as a global player and the digital hub of Africa, Cape Town is, in effect, asserting its competitive superiority over other cities on the continent. It is doing so by exploiting its comparative advantages in terms of its location on a major international shipping route, supply of highly skilled ICT workers, ICT connectivity, ease of doing business, and its scenic beauty, among other attributes.

The city’s population has grown rapidly in the past three decades due to the influx of people from rural areas, within the Western Cape province and from the neighbouring provinces. The influx also includes what the media has termed a process of ‘semigration’, the resettlement

of highly skilled and wealthy workers from other parts of the country, drawn to the city by the mobility afforded by digital work, and by the quality of its services and lifestyle. It is estimated that some 100,000 people relocate to the city annually, and although a small proportion of these are highly skilled individuals, the majority are young, unskilled, or semi-skilled workers from poor rural communities (BizNews, 2022). Consequently, there is a mismatch between the type of employment which is being created in the city and the skills and experience of the majority of those who have settled there in recent years – and the gap is widening. Although job creation is not strictly a mandate of local government, municipalities are responsible for promoting local economic development, a process which includes the creation of an enabling environment to attract specific types of business and employment creating opportunities, a role which, as discussed above, the city has been proactive in fulfilling.

While there was negative growth in the primary and secondary sectors of the city economy (-0.8 per cent and -0.95 per cent respectively) between 2019 and 2022, the tertiary sector (comprised *inter alia* of the wholesale and retail trade, catering and accommodation, transport, storage and communication, finance, insurance, real estate, and business services), in contrast, grew by 2.3 per cent to 3.3 per cent during the same period (Western Cape Government, 2023a:20). Furthermore, the sectors of the metropolitan economy which have grown the fastest in recent years, and in which Cape Town is now stated to have a comparative advantage, include business activities and services (such as software, information technology, business process outsourcing, and call centres), finance (financial intermediation), insurance, retail, and real-estate activities. As a result of the structure of the metropolitan economy, the majority (65.2 per cent) of those in formal employment are skilled (27.3 per cent) or semi-skilled workers (37.9 per cent) (Western Cape Government, 2023a:22).

However, despite recognising that growth in these sectors is “not very labour-intensive, and the demand for labour in the higher-skilled tertiary sectors and the supply of labour in the lower-skilled categories of the labour market are often mismatched [...] [and that] this widening

gap is a key driving force behind structural unemployment in Cape Town” (City of Cape Town, 2022a:24), the city’s economic growth policies provide little indication of how this divide might be narrowed. The inherent contradictions in the City’s approach to employment creation are evident in its Inclusive Economic Growth Strategy, published in 2021. Acknowledging that job creation is predominantly in the highly skilled sector, it asserts that the challenge is “to balance the needs of the two ends of its local economic spectrum – one on the leading edge of a new era of technological innovation, and the other struggling to still establish itself in existing or declining sectors” (City of Cape Town, 2021a:16). However, on the same page the strategy goes on to state:

As an imperative, the City must provide a competitive and enabling platform for businesses, individuals and institutions (e.g. universities) to adapt and remain competitive. Additionally, the City must partner with the academic institutions and the private sector to enable the labour market to adapt to new high-growth, tradable sectors, while remaining an attractive destination for businesses that offer employment opportunities. In order to be more globally competitive, within South Africa and internationally, Cape Town’s economy must become more productive and adaptable to changes in local and global markets. (City of Cape Town, 2021a:16)

Lacking an alternative to the creation of a medium to highly skilled workforce, the city has fallen back on the informal sector and to “public and private-sector stakeholders to create quality temporary jobs and training opportunities” (City of Cape Town, 2022a:56). Notwithstanding its questionable role in creating sustainable employment and its weak linkages to the city’s main economic activities, the informal sector in Cape Town is, by developing countries standards, small and its capacity to absorb labour in meaningful work is limited and the percentage of people engaged in informal employment

declined slightly from 20.5 per cent in 2019 to 18.8 per cent in 2022 (Western Cape Government, 2023a:22). The support sought from the public sector refers to jobs created under an Expanded Public Works Programme (EPWP) funded by the national government. A key component of the EPWP is to use labour-intensive work as a means to absorb large numbers of the unemployed. However, those employed in the programme have no security of tenure and are paid at a rate of R15.83 per hour, roughly half the national minimum wage, and amounting to approximately US\$0.90 per hour or US\$7.20 per 8-hour day (Department of Employment and Labour, 2025). Consequently, the enabling strategy pursued by the city can be seen to contribute to the further casualisation of labour and to increasing precarity in the livelihoods of the urban poor.

It is thus unsurprising that at a time when there has been growth in the tertiary sector, unemployment levels have risen steadily from 18.2 per cent in 2010, to 23.2 per cent in 2019, and to 28.6 per cent in 2022 (City of Cape Town, 2023:22). This level of unemployment is likely to have been elevated as a result of the COVID-19 pandemic but is also likely underestimated due to the narrow official definition of unemployment used, which refers to the percentage of the population who are able to work but who are unable to find employment. This definition excludes those who are able to work but who are not actively seeking employment (Western Cape Government, 2021:17). This is suggested from the fact that the City's estimates of the unemployment rate among youth (according to the narrow definition) increased from 45.2 per cent in 2019 to 56 per cent in 2021 (City of Cape Town, 2023:24). Further evidence of the huge demand for work in Cape Town is evident in city's EPWP database which, despite the low daily wage rate on offer, had registered a waiting list of some 900,000 jobseekers in 2025 (City of Cape Town, 2025b:9).

Growing poverty and inequality

It is evident that the city's conviction that "meaningfully faster economic growth [will] result [...] in more Capetonians lifting

themselves out of poverty” (City of Cape Town, 2022a:17) is not supported by recent socio-economic data which indicate that the poverty gap in Cape Town is widening rather than narrowing and that this is leading to an increasingly polarised city. Whilst there was an 7.8 per cent increase in the Gross Domestic Product Regional (GDPR) per capita from 2019 to 2022 and an increase in the Human Development Index (from 0.70 in 2014 to 0.74 in 2022), these indices reflect mean scores and mask significant variances in the incomes and access to services by different segments of the city’s population. Although the number of indigent households in the city is reported to have decreased by some 10 per cent between 2018 and 2022 (Western Cape Government, 2023a:16), overall levels of poverty have increased. The Upper Bound Poverty Line head count ratio, defined as the proportion of the population that cannot afford to purchase adequate levels of food and non-food items, increased from 57.9 per cent in 2021 to 65.1 per cent in 2022 – this was higher than South Africa’s total poverty rate of 56.4 per cent (Western Cape Government, 2023a:14). In the same year, 35.2 per cent of the population were living below the food poverty line in Cape Town. This was higher than the 34.3 per cent figure of 2016 and was the highest recorded among all other metropolitan municipalities in South Africa and higher than the national average of 29 per cent (Western Cape Government, 2023b:96). Consequently, a third of households in Cape Town (36.2 per cent) were receiving nationally issued social grants or other sources of income to subsidise their livelihoods (Statistics South Africa, 2024:25). At the same time, largely due to the rapid influx of people from outside the city, the number of households living in informal dwellings is on the rise, increasing from 16.8 per cent of the population in 2011 to 21.7 per cent in 2020 (Western Cape Government, 2021:16).

The combined impact of unemployment and poverty on inequality in the city is clearly demonstrated in the Gini coefficient, which has steadily risen in the past decade, from 0.56 in 2014, to 0.58 in 2017, and to 0.63 in 2020 (City of Cape Town, 2025a:24). This Gini score is equal to the national rate (one of the highest in most comparative data

sets), and, along with other South African cities, Cape Town ranks as one of the most unequal metropolises in the world (Hayes, 2025; World Atlas, 2026).

The patterns of racial and socio-economic segregation inherited from the apartheid era, as indicated, are deeply entrenched in the spatial structure of the city, but the rhetoric of inclusivity aside, the measures introduced to forge a more integrated society have largely been ineffective. In the aftermath of apartheid, the national government embarked on a comprehensive housing development programme to provide formal accommodation for the millions of people living in informal dwellings across the country. Whilst well-intentioned, the model of housing construction pursued was logistically inappropriate and financially unsustainable. In the case of Cape Town, single dwelling units were constructed on green field sites but as land in the inner areas of the city was limited, rather than pursue a programme of densification in the form of high-rise accommodation, the construction of housing has continued to take place further and further away from areas of economic activity (City of Cape Town, 2022b:39). Due to the distance they must travel to work in the city, it is estimated that the working poor in Cape Town spend up to 45 per cent of their monthly household income on transport (in contrast to the international norm of between 5 per cent and 10 per cent of income) (Van Audenhove et al., 2014).

At the same time, prospects for greater spatial integration of the population are severely restricted by the property market, which is geared to higher income earners – a trend which is reinforced by the influx of affluent buyers from other parts of the country who form part of the semigration process. This is aggravated by the city's reluctance to release portions of its land, situated closer to the centre, for affordable housing development. In this way, the socio-economic, racial, and spatial segregation patterns established during the colonial and apartheid eras are continuously being reproduced. This, despite the city's stated commitment, articulated over three successive IDPs, to establish "a more spatially integrated and inclusive city, where

people have more equitable access to economic opportunities and social amenities, and the barriers to inclusion and well-being are reduced” (City of Cape Town, 2021c:17).

The quest for greater autonomy

As its status as a global city has grown, Cape Town has sought to increase its autonomy from the national state (cf. Lobao et al., 2009:4). This has been rationalised, justifiably in most instances, by shortcomings in service delivery on the part of provincial or national government, and it is a message which is constantly repeated in the IDP and in the utterances of the City’s political leaders. Thus, the IDP proclaims that “[t]he City is committed to doing all it can to protect Cape Town’s economy from the worst effects of failing national government services” (City of Cape Town, 2022a:59). It further asserts it is a city government “that consistently fights for the needs of residents, even when the responsibility to meet those needs rests with the national or provincial government or a state-owned enterprise” (City of Cape Town, 2022a:17). In this vein it has increasingly campaigned for control over a range of services hitherto performed by the national government. These include the mandate to run the urban rail network, to generate its own electricity (both of which are administered by state-owned entities), and to increase the jurisdiction of its municipal police force (a national government function).

Despite an initial reluctance to devolve further powers to the metropolitan council, the central government has softened its position and has granted the city authority to purchase renewable energy from the private sector, with the prospect of generating its own energy (Parliamentary Monitoring Group, 2022) and is considering its request to take over control of the metropolitan train network. In yet another tacit recognition of the growing influence of large cities such as Cape Town, a new district development model introduced by the national government in 2019, in an attempt to incorporate municipal planning and service delivery into a broader intergovernmental framework under the slogan ‘One District, One Plan and One Budget’,

has assigned metropolitan governments the same planning oversight as 44 districts which cover the entire country (Department of Cooperative Governance and Traditional Affairs, 2020, 2022).

Conclusion

The analysis in this chapter has tracked the embrace of globalisation in the policies adopted by the national government in South Africa since the late 1990s and its concomitant adoption by the City of Cape Town, which can be seen as a form of glocalisation. In that respect, the economic growth strategy pursued by the city can be seen as driven by a logic similar to that adopted by many glocalised cities in the Global North. That is, a focus on establishing niche areas for potential growth, followed by the creation of a regulatory and infrastructural framework to exploit its comparative advantage and by concerted efforts to attract multinational corporate investment. Through this process, the city is expanding its international networks with the objective of gaining access to still more global markets, in the hope of stimulating even further growth.

At one level, the economic development model pursued by the City of Cape Town can be seen to enhance its attractiveness to foreign direct investment and its positioning on a national and global level. At another level, however, it is evident that the city's embrace of glocalised relations of production has adversely impacted social production. Thus, whilst there has been growth in certain sectors of the metropolitan economy, these gains have not been redistributed across the broader social economy, leading to widening spatial inequality. With its growing global economic importance, the City has begun to assert itself in the national domain, demanding increased control to manage its own affairs. At the same time, it is also seeking to attract foreign direct investment independently of the national government and to establish its own global networks.

However, notwithstanding the fact that political opponents continue to accuse the ruling DA of introducing neoliberal policies into the governance of metropolitan Cape Town, the work of critical

scholars (Bond, 2000; McDonald & Smith, 2004; McDonald, 2007) and a review of the national government's policies reveal that the adoption of neoliberalism and the intent to derive benefits from globalisation has formed part of a nationally driven strategy since the 1990s. What was not anticipated, however, was the precise form in which globalisation and glocalisation would manifest in a metropole such as Cape Town and the extent of uneven development to which it would give rise. It is evident that the City also failed to heed the caution expressed in the National Development Plan, which states that in engaging with the process of globalisation "[t]he challenge is to take advantage of opportunities while protecting South Africans – especially the poor – from the risks associated with new trade and investment patterns" (National Planning Commission, 2012:31). Thus, despite an often-repeated commitment to pursue policies which will lead to the creation of a more inclusive city, the economic growth strategy pursued is not creating jobs for the growing numbers of unemployed workers nor is it alleviating poverty or reducing inequality.

This is due to the fallacious supposition that the goal of building a competitive, glocalised city is entirely compatible with promoting greater socio-economic equality in a highly unequal society. This is because in its singular quest to attract foreign investors and transnational corporations, the City has developed no alternative feasible plan to cater for that segment of its citizenry who lack the skills and assets to take advantage of the income-generating opportunities which are on offer in the expanding tertiary sector. In that respect, Cape Town's pursuit of glocalisation further illustrates the dangers of isomorphic mimicry in the adoption of the neoliberal economic growth models from the Global North and their implementation in unadapted form in the Global South. Because of this, and notwithstanding the advances made through the process of glocalisation, the economic growth model pursued has given rise to contradictions which could foretell future socio-economic tensions, increasing unemployment, rising poverty levels, an increase in crime, and potential social unrest.

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CHAPTER 11

CONCLUSION

Chris Tapscott and Tor Halvorsen

This book emerged from a seminar on the theme of democracy and capitalism, which marked the transition of Ole Johnny Olsen to Professor Emeritus at the University of Bergen. The relationship between democracy and capitalism, which has been debated virtually since the origins of social science, has become particularly pressing under the current hegemony of neoliberalism. Following the logic espoused by Hayek, neoliberalism has sought to reduce democratic influence over the economy to a minimum, defending the notion that capitalism is essential to democracy, primarily through its creation of a legal state that protects economic actors. In this view, democratic planning or state intervention distorts the supreme neoliberal value of individual choice, while large welfare states and unions are seen as particular threats.

The chapters in this volume have, in different ways, examined the impacts of neoliberal capitalism as it has expanded its reach across the globe. A central theme running through all contributions is the systematic undermining of democratic processes by neoliberalism, even in historically strong social democracies such as the Nordic (Tapscott et al., 2018). By assigning primacy to market forces, neoliberal policies have de-politicised broad aspects of social and economic life and hollowed out democratic authority.

Importantly, various chapters have shown that, contrary to neoliberal ideology, the rise of neoliberalism was not a natural

process of social evolution, a form of social Darwinism, as portrayed by its ideologues, but a carefully crafted project advanced by think-tanks and powerful multilateral financial institutions such as the IMF, the World Bank, and the OECD over the past half-century. Its spread has been marked by financialisation, privatisation of public goods, and penetration into all sectors of social life and government. Neoliberalism has led to increased inequality and polarisation between and within countries. Today, 70 per cent of the world's poor live in so-called 'middle-income countries', a result of elite-driven growth and corruption rather than broad-based development. Meanwhile, the growth of casualised work and precarity has created fertile ground for the rise of populist right-wing movements across the Global North and the Global South. These movements and parties, channelling earlier fascist movements, mobilise support by constructing internal and external enemies, such as migrants, religious minorities, and LGBTQ+ groups, yet paradoxically, as the chapters by Kronauer and Nilssen point out, they do not challenge the neoliberal economic order that has impoverished their supporters, but rather sustain it for the benefit of elite accumulation.

Capitalism, democracy, and authoritarianism

History has shown that capitalism and democracy only align under specific conditions (Rueschemeyer et al., 1992). When the interests of capital are threatened, democracy is often sacrificed, as is evident today in the United States and elsewhere. The 'new right' openly entertains the possibility of capitalism without democracy as a viable 'solution'. Meanwhile, attempts at democratic economic governance have been curtailed under the banner of 'liberal democracy', used to justify the hyper-globalisation of capital and the dominance of Western, dollar-based firms. To expand democracy today requires international cooperation, the democratisation of interstate agreements, and the mobilisation of global social movements. Yet most multilateral organisations continue to privilege the free movement of capital, sidelining attempts to make capital socially and democratically

accountable. The weak follow-up to the UN Agenda 2030 exemplifies this trend.

The Nordic experience demonstrates the fragility of social democracy under neoliberal pressure. In Sweden, class divisions are widening as welfare state institutions are privatised, producing inequalities in education, healthcare, and social services. In Norway, market reforms in education and municipal governance reproduce social cleavages. Trade unions, historically the strongest promoters of democracy, have been weakened by declining membership and the erosion of solidarity. As Slobodian (2025:19) notes, neoliberalism and the far right converge in scorning egalitarianism, global solidarity, and economic justice, privileging productivity, efficiency, and white meritocracy instead.

Neoliberal expansion in the Global South

The central premise of this book is that capitalism and democracy are distinct historical phenomena. The oft-repeated claim that capitalism inevitably produces democracy has been disproven. On the contrary, we increasingly see authoritarian capitalism spreading across the globe instead of being subject to democratic regulation and oversight. Unfettered neoliberal capitalism, operating without democratic oversight, benefits only a narrow elite, while exacerbating inequality, precarity, fuelling authoritarian populism, and environmentally unsustainable practices that pose an existential threat to humanity. Furthermore, financialisation, short-termism, and the push to privatise public services, from health to schools and childcare, demonstrate how capitalism undermines its own stability. The challenge today is to make democracy rule the economy, in the interests of justice, fairness, and ecological survival (Polanyi, 1957).

The book does not, however, reject capitalism per se but critiques the ideology that it can function best when insulated from democracy. As Wright (2016) observed, capitalism has transformed material life and increased productivity, but has also created harm and suffering. The challenge is whether productivity and dynamism can be preserved

without this harm. The Nordic model suggests that a more inclusive form of capitalism, subject to democratic oversight, is possible.

Globalisation, too, is not inherently destructive and trade, technological exchange, and knowledge diffusion can be of benefit to all societies, but under neoliberal management, globalisation has entrenched inequality and the implementation of environmentally unfriendly policies. The WTO and IMF (among others) have institutionalised trade rules, tax regimes, and financial governance that disproportionately favour the Global North. Stiglitz (2002, 2019) has shown that countries engaging with globalisation on their own terms, such as those in East Asia, have achieved more equitable and sustainable outcomes than those subjected to IMF-directed programmes. Global solidarity is urgently needed to address existential threats such as climate change, pandemics, and ecological destruction. Thus, the neoliberal hold on globalisation has to change for the sake of sustainable eco-social global development.

This also means a fundamental change within our ICT world. Today, a form of global techno-capitalism, driven by Silicon Valley and imitated by China, has created a new coloniality largely beyond democratic reach (Coudry & Mejias, 2019). Here, global monopolies extract value without democratic accountability, extending neoliberalism into the digital sphere, and threatening individual human rights and our environment, not least due to the energy consumption of computer centres.

The neoliberal claim that markets are the most efficient repositories of knowledge is increasingly contradicted by the destructive outcomes of this model. At the same time, as Halvorsen notes in his chapter, the economic model of growth pursued is unsustainable due to resource depletion, rising CO₂ emissions, and global warming. Notwithstanding this reality, multinational corporations continue to overexploit natural resources, while protectionism and trade wars have disrupted global value chains. Rising nationalism is pushing the world towards greater conflict. Resistance to neoliberalism is growing but remains fragmented and poorly coordinated.

Prospects for democratic alternatives

Despite its dominance, neoliberalism is not uncontested. Debates in the early 1990s, shaped by works such as Held's *Prospects for Democracy* (1993), challenged scholars to 'think big' about alternatives to liberal democracy and about the economic limits of democracy. Thirty years later, neoliberal dominance has only deepened, but the urgency of ecological collapse and climate change provides new impetus for such rethinking.

Since then, social movements, academic critiques, and global initiatives such as the United Nations Agenda 2030 for Sustainable Development offer alternative visions. Several contributions in this volume argue that the SDGs, although weakly implemented, provide an opening for debates about democracy, ecological sustainability, and social justice.

Nonetheless, counter-tendencies are emerging. Old social-democratic ideas are resurfacing, alongside calls for economic decisions to be democratically governed, for investments to be environmentally sound, and for inequality to be reduced through secure labour rights, education, and welfare.

Dismantling neoliberalism requires understanding its mechanisms and advancing democratic alternatives. The chapters in this volume contribute to that understanding. They show how neoliberalism has eroded democracy globally, weakened unions, and fuelled right-wing populism, while even local governments, such as the City of Cape Town, turn to global oligarchs in Silicon Valley rather than democratic accountability for development. In that respect, Olsen's chapter calls for a socio-ecological democratic socialism and highlights the role of trade unions and collective institutions in democratising social life.

Chapters by Halvorsen and Skauge note the revival of critiques of capitalism's destructive effects, and argue that the UN Agenda 2030, though weakened, offers a platform for democratic debate and policy alternatives. Halvorsen proposes that the UN Agenda 2030 could inspire a new eco-social model, grounded in democratic legitimacy,

capable of countering neoliberal hegemony and of promoting a new and sustainable global development model. The existential threat to humanity posed by global warming and the destruction of the environment could be mobilising forces for a new world order. But for this to happen, the global community must, as Skauge proposes, be willing to regulate global capitalism with enforceable legal means based on the legitimacy of democracy.

Halvorsen and Skauge emphasise that global solidarity and democratic cooperation must be mobilised against neoliberalism's fragmentation of politics and society. There is growing resistance to neoliberalism, but as yet the movement is neither integrated nor coordinated, and some of the movements reacting to the adverse impacts of neoliberal politics on democracy have themselves been subverted. In that respect, Higgins's chapter in this volume on student protests against the commodification of higher education in South Africa provides a cautionary note that even democratic movements can themselves become anti-democratic.

Democratic planning, eco-social models of development, and stronger global regulation of capital are necessary if humanity is to confront existential challenges. The future of democracy depends on dismantling neoliberalism's grip over political and social life, and on instituting new democratic regulatory frameworks at national and international levels. Only through such transformation, as Tom Skauge shows, can humanity hope to achieve sustainable development, social justice, and ecological balance.

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